Agriculture and Agri-Food Canada

Agriculture et Agroalimentaire Canada

Farm Income, Financial Conditions and Government Assistance

Data Book

September 2005

Canada

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Data Book

Research and Analysis Directorate
Strategic Policy Branch

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Any policy views, whether explicitly stated, inferred or interpreted from the contents of this publication, should not be represented as reflecting the views of Agriculture and Agri-Food Canada.

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ABBREVIATIONS

AIDA	Agriculture Income Disaster Assistance
AMPA	Agricultural Marketing Programs Act
APCA	Advance Payments for Crops Act
APCMA	Agricultural Products Cooperative Marketing Act
ARFAA	Atlantic Region Freight Assistance Act
ASA	Agricultural Stabilization Act
AVOP	Adjusted Value of Production
CAIS	Canadian Agricultural Income Stabilisation Program
CFIP	Canadian Farm Income Program
CIDA	Canadian International Development Agency
CSE	Consumer Support Estimate
CWB	Canadian Wheat Board
EDC	Export Development Corporation
FCC	Farm Credit Canada
FIMCLA	Farm Improvement and Marketing Cooperatives Loans Act
FSAM	Farm Support and Adjustment Measures
FIP	Farm Income Payment
FSAM	Farm Support and Adjustment Measures
GDP	Gross Domestic Product
GREPA	Groupe de recherche en économie et politique agricoles
GRIP	Gross Revenue Insurance Plan
GSSE	General Services Support Estimate
MFRA	Maritime Freight Rates Act
NAC	Nominal Assistance Coefficient
NISA	Net Income Stabilization Account
NTSP	National Tripartite Stabilization Program
PGAPA	Prairie Grain Advance Payment Act
PSE	Producer Support Estimate
TDP	Taxation Data Program
TSE	Total Support Estimate
WGSA	Western Grain Stabilization Act
WGTA	Western Grain Transportation Act
WGTPP	Western Grain Transition Payments Program

SYMBOLS

n.c.	not calculated
..	figures not available
...	figures not appropriate
x	confidential

INTRODUCTION

The purpose of this data book is to provide easy access to key economic and financial indicators for the farm sector and information on government assistance to the agriculture and agri-food sector. The information is prepared in consultation with the provincial Ministries of Agriculture. Assistance is also provided by other members of Agriculture and Agri-Food Canada as well as by officials in other federal and provincial departments.

The data book is divided into four sections. Section A presents information related to farm income. Section B contains information on farm financial conditions. Section C provides data on government expenditures for the agri-food sector. Section D contains information on producer support estimates. Notes on the methodology are provided at the end of each section.

This issue provides the most up-to-date key economic and financial indicators. The next hard copy issue will be released in September 2006 and will also be available on the Departmental website.

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EXECUTIVE SUMMARY

• In 2004 total farm debt rose by just less than 5%. This was the lowest rise in more recent years. Total farm debt in every province rose. Provincial governments were the only providers of loans whose value of total debt declined in 2004. Total farm debt held by the Federal Government increased by over 11% in 2004. The private sector including commercial banks, credit unions and other private holder of debt continue to play a strong part in providing debt financing.

• The total number of farm bankruptcies in Canada was five more farms than in 2003. Ontario, Saskatchewan and Alberta saw increases in bankruptcies in 2004.

• Farm Credit Canada reported, for fiscal 2004-05, that the number of loans receivable had increased by more than 3000 loans. This indicates a continued growth in portfolio holdings. The number of new loans approved in fiscal 2004-05 also showed continued strong growth.

• In 2004-05, federal expenditures are expected to reach $4.5 billion, which is much higher than the average for the five-year period from 1999-00 to 2003-04. However, this is down 17.8% from the near-record level of expenditures in 2003-04, brought on by exceptional economic conditions. The decrease is due to reduced program expenditures, mainly those related to the "income support and income stabilization" category. Overall program expenditures are expected to reach $3.15 billion, which is higher than the average for the five-year period from 1999-00 to 2003-04.

• Expenditures for all provincial governments are expected to reach $3 billion in 2004-05, a 1.7% increase. Most provinces should show an increase in their expenditures. However, a decline is expected in Saskatchewan, Ontario and Newfoundland and Labrador.

• According to budget estimates, total federal expenditures for 2005-06 are estimated at $3.5 billion, while total provincial expenditures are estimated at $2.7 billion. Federal and provincial government expenditures are therefore expected to decline in 2005-06 as compared with past years. Overall, they should remain at about the average for the five-year period from 1999-00 to 2003-04. A return to normal levels of federal and provincial expenditures is therefore anticipated, after two years characterized by exceptional levels of support to address the financial difficulties faced by producers affected by the Bovine Spongiform Encephalopathy (BSE) crisis or unfavorable production conditions for farm crops.

• According to OECD estimates, transfers to Canadian producers dropped by $1.06 billion in 2004 compared with the previous year, decreasing the Producer Support Estimate (PSE) from 25% of the value of production in 2003 to 21% in 2004. This decrease in transfers can be explained, on the one hand, by a decrease in both market price support and budget support and, on the other hand, by an increase in the total value of production. The decrease in budget support is due to the end of transition funding under the Agricultural Policy Framework, which provided $1.2 billion in 2002 and 2003. Despite this decrease, total support from both levels of government to address the BSE crisis rose by $154 million in 2004.

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SECTION A

Farm Income

Table A.1: Farm Cash Receipts, Expenses and Income, Canada and Provinces, 1996-04

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
	- $ Million -										
Crop Receipts											
1996	14	164	116	122	1,121	2,882	1,619	4,238	2,975	767	14,016
1997	14	157	118	132	1,175	2,984	1,694	4,439	2,641	749	14,103
1998	13	203	121	166	1,182	3,134	1,629	4,081	2,504	790	13,822
1999	14	224	138	186	1,263	3,158	1,401	3,665	2,331	837	13,218
2000	15	186	139	168	1,257	3,356	1,313	3,375	2,344	910	13,062
2001	16	151	121	192	1,273	3,251	1,519	3,784	2,290	994	13,591
2002	17	220	131	219	1,419	3,617	1,918	3,748	2,233	1,036	14,559
2003	17	219	150	196	1,430	3,725	1,700	2,852	1,994	1,142	13,426
2004	17	186	137	180	1,479	3,607	1,780	3,298	2,617	1,204	14,506
Livestock Receipts											
1996	56	116	251	175	3,152	3,660	1,114	1,024	3,402	906	13,857
1997	56	118	249	178	3,315	3,732	1,200	1,220	3,603	956	14,627
1998	59	110	241	180	3,050	3,646	1,217	1,235	3,713	991	14,443
1999	61	107	240	186	3,184	3,695	1,291	1,400	3,971	1,028	15,163
2000	59	120	263	196	3,624	4,094	1,551	1,571	4,511	1,100	17,090
2001	63	126	281	215	3,857	4,526	1,800	1,687	5,240	1,171	18,964
2002	62	119	262	197	3,636	4,271	1,716	1,710	5,086	1,129	18,190
2003	63	113	258	200	3,665	4,173	1,561	1,360	3,713	1,082	16,188
2004	68	123	289	203	3,993	4,353	1,668	1,456	3,993	1,011	17,157
Total Market Receipts											
1996	70	281	367	297	4,273	6,542	2,732	5,262	6,376	1,674	27,874
1997	70	275	367	310	4,490	6,716	2,894	5,659	6,244	1,705	28,730
1998	73	313	362	345	4,231	6,779	2,846	5,316	6,217	1,780	28,265
1999	74	331	379	372	4,447	6,853	2,692	5,065	6,303	1,865	28,381
2000	74	306	402	363	4,881	7,450	2,863	4,946	6,855	2,010	30,152
2001	78	278	402	406	5,130	7,777	3,319	5,471	7,530	2,165	32,555
2002	79	340	393	416	5,055	7,889	3,634	5,458	7,318	2,166	32,748
2003	81	332	408	396	5,094	7,898	3,262	4,213	5,707	2,224	29,614
2004	85	309	426	383	5,473	7,960	3,448	4,754	6,610	2,215	31,663
Program Payments											
1996	7	13	13	18	419	144	56	349	152	32	1,202
1997	6	8	9	11	281	137	142	264	218	34	1,109
1998	0	11	14	6	593	201	92	235	235	34	1,422
1999	0	19	15	6	653	333	216	476	218	41	1,976
2000	0	17	12	6	541	422	287	777	708	39	2,809
2001	1	59	18	6	624	777	382	1,020	819	60	3,766
2002	1	24	11	8	468	623	219	1,004	1,039	31	3,429
2003	1	23	16	12	875	585	308	1,601	1,362	59	4,843
2004	1	39	25	36	835	674	459	1,190	1,433	188	4,880
Total Cash Receipts											
1996	77	293	380	315	4,692	6,686	2,788	5,611	6,528	1,706	29,075
1997	76	283	376	321	4,771	6,853	3,036	5,923	6,462	1,739	29,839
1998	73	324	377	351	4,824	6,980	2,938	5,552	6,452	1,814	29,686
1999	75	350	393	378	5,100	7,186	2,908	5,540	6,521	1,906	30,357
2000	75	323	414	369	5,422	7,872	3,151	5,723	7,563	2,048	32,961
2001	79	336	420	413	5,754	8,554	3,701	6,491	8,349	2,224	36,321
2002	80	364	405	424	5,523	8,512	3,853	6,462	8,357	2,197	36,177
2003	82	354	425	408	5,970	8,484	3,570	5,814	7,069	2,283	34,458
2004	86	348	451	419	6,307	8,634	3,907	5,944	8,043	2,403	36,543

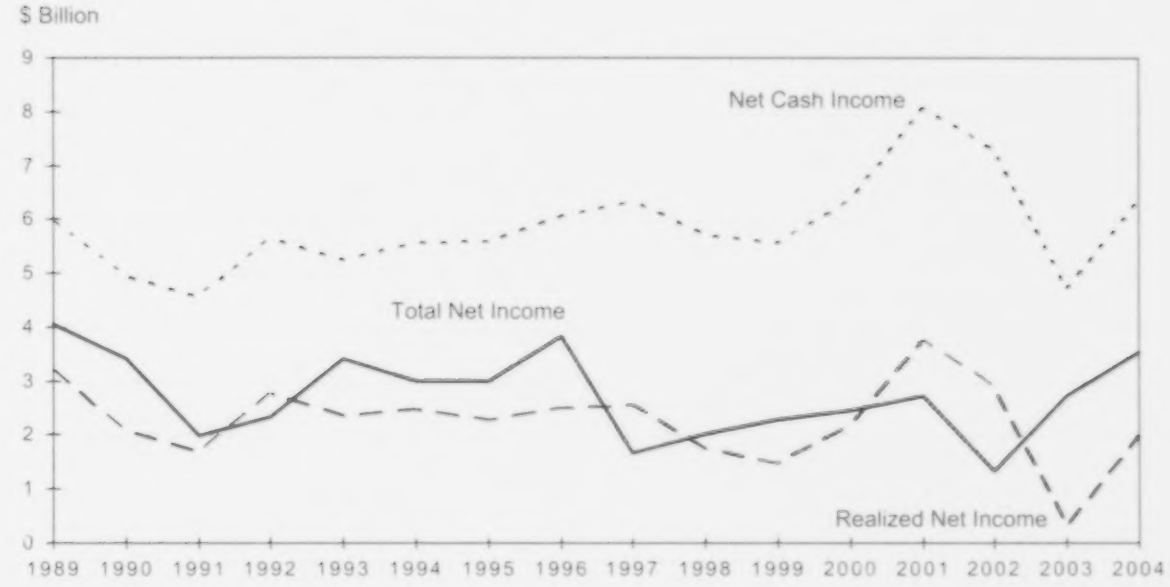
Source: Statistics Canada, Catalogue Nos. 21-010-XIE and 21-011-XIE, Agriculture Economic Statistics, May 2005.

Table A.1: Farm Cash Receipts, Expenses and Income, Canada and Provinces, 1996-04 (cont'd)

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
	- $ Million -										
Net Operating Expenses											
1996	64	248	298	262	3,640	5,555	2,263	4,377	4,876	1,440	23,021
1997	61	252	309	281	3,662	5,708	2,346	4,314	5,132	1,455	23,520
1998	64	259	305	289	3,740	5,849	2,381	4,289	5,285	1,519	23,980
1999	64	271	312	297	3,902	5,999	2,376	4,277	5,722	1,566	24,787
2000	67	282	330	320	4,228	6,402	2,563	4,573	6,157	1,680	26,603
2001	71	291	350	341	4,469	6,963	2,790	4,770	6,441	1,769	28,255
2002	74	312	368	358	4,605	7,227	2,928	4,803	6,309	1,901	28,885
2003	78	319	382	366	4,896	7,371	3,060	4,998	6,320	1,953	29,743
2004	81	329	391	376	5,010	7,520	3,145	5,089	6,315	1,951	30,207
Net Cash Income											
1996	13	46	82	53	1,052	1,131	525	1,234	1,653	266	6,054
1997	15	31	67	40	1,108	1,145	691	1,609	1,330	283	6,318
1998	10	66	72	62	1,084	1,131	557	1,262	1,168	295	5,707
1999	11	78	81	81	1,198	1,187	532	1,263	799	340	5,570
2000	8	41	85	49	1,194	1,470	587	1,150	1,406	368	6,357
2001	8	45	70	72	1,285	1,590	912	1,721	1,909	456	8,066
2002	6	52	37	66	918	1,285	925	1,659	2,048	296	7,292
2003	3	35	43	42	1,074	1,113	509	816	749	331	4,715
2004	5	19	61	44	1,298	1,114	761	854	1,729	452	6,336
Realized Net Income											
1996	10	16	47	24	679	314	192	384	745	79	2,491
1997	11	0	30	10	711	270	344	724	357	81	2,536
1998	5	32	33	32	661	217	189	330	146	85	1,729
1999	7	45	40	47	745	244	152	328	-260	125	1,471
2000	3	5	39	12	702	483	209	239	336	147	2,176
2001	3	9	22	32	759	577	522	788	803	233	3,748
2002	1	18	-11	25	384	205	536	758	943	46	2,905
2003	-2	1	-5	2	514	51	106	-86	-368	82	294
2004	0	-17	12	2	760	82	368	-54	635	199	1,985
Total Net Income											
1996	10	24	48	33	803	450	489	1,146	759	57	3,819
1997	11	13	24	17	693	277	224	60	297	54	1,670
1998	6	19	34	30	659	234	244	353	306	120	2,006
1999	9	42	36	36	762	231	126	659	238	128	2,268
2000	4	22	37	22	634	302	384	530	375	150	2,461
2001	4	-58	20	27	847	472	457	159	543	252	2,723
2002	1	97	-11	43	403	356	509	7	-142	64	1,328
2003	-2	-1	-5	0	635	127	507	783	553	122	2,720
2004	0	-15	12	-14	878	275	307	758	1,146	168	3,516

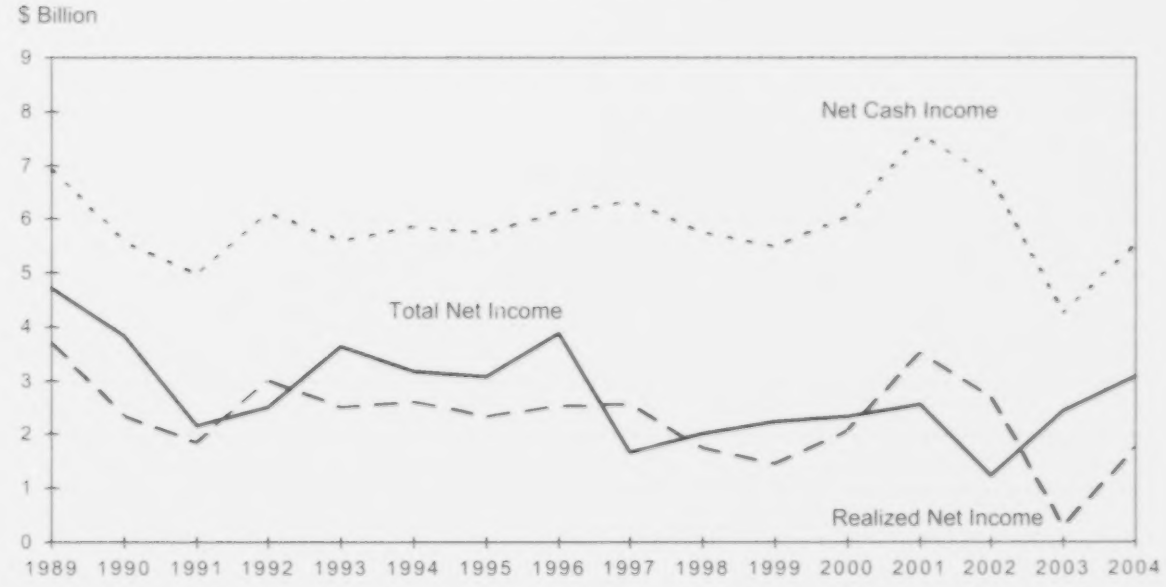
Source: Statistics Canada, Catalogue Nos. 21-010-XIE and 21-011-XIE, Agriculture Economic Statistics, May 2005.

Figure A.1(a): Canadian Farm Income (Current Dollars)



Source: Historical data, Statistics Canada, Catalogue No. 21-010-XIE, Agriculture Economic Statistics, May 2005.

Figure A.1(b): Canadian Farm Income (1997 Dollars)



Source: Agriculture and Agri-Food Canada calculations based on historical data from Statistics Canada, and the Conference Board of Canada for the GDP deflator.

Table A.2: Gross Direct Payments and Producer Premiums, Canada and Provinces, 1999-04

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
	- $ Million -										
1999											
Crop Insurance (1)	0	1	1	1	17	51	40	95	103	8	318
NISA	0	5	2	1	4	76	30	105	38	9	269
Dairy	0	2	3	2	55	47	4	3	8	8	132
GRIP	0	0	0	0	0	0	0	0	0	0	0
Provincial Stabilization	0	1	8	0	499	0	0	0	0	0	508
Other Payments (2)	0	3	0	1	18	26	18	32	86	9	195
Total Program Payments	**0**	**11**	**14**	**6**	**593**	**201**	**92**	**235**	**235**	**34**	**1,422**
Input Rebates	0	0	3	0	68	8	0	35	5	0	119
Total Payments	**0**	**11**	**17**	**6**	**661**	**209**	**92**	**270**	**240**	**34**	**1,541**
Producer Premiums	0	1	1	1	127	40	59	171	92	2	493
2000											
Crop Insurance (1)	0	3	0	1	80	72	54	117	116	8	451
NISA	0	6	2	1	8	110	62	187	72	9	456
Dairy	0	1	2	1	30	26	2	2	4	4	73
Income Disaster	0	6	2	1	5	87	45	109	155	11	422
Provincial Stabilization	0	1	1	0	410	0	0	0	0	0	411
Other Payments (2)	0	0	6	0	8	128	124	363	360	5	995
Total Program Payments	**0**	**17**	**12**	**6**	**541**	**422**	**287**	**777**	**708**	**39**	**2,809**
Input Rebates	0	0	0	0	79	6	0	36	9	0	131
Total Payments	**0**	**17**	**12**	**6**	**621**	**428**	**287**	**812**	**716**	**39**	**2,939**
Producer Premiums	0	1	1	0	180	32	46	135	63	2	460
2001											
Crop Insurance (1)	0	7	1	1	75	219	86	297	222	10	918
NISA	0	7	3	2	8	122	59	167	66	8	442
Dairy	0	1	1	1	17	15	1	1	3	3	42
Income Disaster	0	6	4	3	5	109	118	237	129	16	627
Provincial Stabilization	0	0	0	0	516	0	0	0	0	0	516
Other Payments (2)	0	37	9	0	2	313	118	319	400	23	1,222
Total Program Payments	**1**	**59**	**18**	**6**	**624**	**777**	**382**	**1,020**	**819**	**60**	**3,766**
Input Rebates	0	0	0	0	87	5	0	31	19	0	142
Total Payments	**1**	**59**	**18**	**7**	**711**	**782**	**382**	**1,051**	**838**	**60**	**3,908**
Producer Premiums	0	1	0	0	157	38	47	148	82	3	477

Source: Statistics Canada, Catalogue No. 21-015-XIE, Agriculture Economic Statistics, May 2005.

(1) Excludes private hail insurance. Since April 1, 2003, the Crop Insurance program has been replaced by the Production Insurance program.

(2) Other payments include programs such as private hail insurance, Bovine Spongiform Encephalopathy Recovery and special assistance programs.

Table A.2: Gross Direct Payments and Producer Premiums, Canada and Provinces, 1999-04 (cont'd)

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
	- $ Million -										
2002											
Crop Insurance (1)	0	6	0	1	42	219	77	580	477	5	1,407
NISA	0	9	6	4	11	170	78	216	110	12	616
Dairy	0	0	0	0	4	3	0	0	1	0	9
Income Disaster	0	9	2	1	6	58	46	138	114	11	387
Provincial Stabilization	0	0	0	0	395	0	0	0	0	0	396
Other Payments (2)	1	0	2	2	10	174	18	69	336	2	615
Total Program Payments	**1**	**24**	**11**	**8**	**468**	**623**	**219**	**1,004**	**1,039**	**31**	**3,429**
Input Rebates	0	0	0	0	79	13	0	17	11	0	119
Total Payments	**1**	**24**	**11**	**8**	**547**	**636**	**219**	**1,020**	**1,050**	**31**	**3,548**
Producer Premiums	0	2	0	0	82	46	52	176	123	3	485
2003											
Crop Insurance (1)	0	1	1	1	47	119	86	929	519	4	1,707
NISA	0	7	8	6	15	191	87	246	148	16	723
Income Disaster	0	6	1	1	4	40	27	141	204	17	440
Provincial Stabilization	0	0	0	0	711	0	0	0	0	0	711
Other Payments (2)	0	8	7	5	98	236	109	285	492	22	1,261
Total Program Payments	**1**	**23**	**16**	**12**	**875**	**585**	**308**	**1,601**	**1,362**	**59**	**4,843**
Input Rebates	0	0	0	0	83	6	0	1	12	0	101
Total Payments	**1**	**23**	**16**	**12**	**958**	**591**	**308**	**1,602**	**1,374**	**59**	**4,944**
Producer Premiums	0	2	0	0	206	61	65	221	168	3	727
2004											
Production Insurance (1)	0	4	1	3	63	82	112	280	230	10	785
CAIS	0	11	6	14	7	108	79	222	305	25	777
NISA	0	11	8	11	16	223	125	298	220	22	934
Income Disaster	0	3	2	1	1	16	14	94	99	8	237
Provincial Stabilization	0	0	0	0	626	0	0	0	0	0	626
Other Payments (2)	1	10	9	7	122	246	129	296	579	122	1,521
Total Program Payments	**1**	**39**	**25**	**36**	**835**	**674**	**459**	**1,190**	**1,433**	**188**	**4,880**
Input Rebates	0	0	0	0	86	5	1	0	19	0	111
Total Payments	**1**	**39**	**25**	**36**	**921**	**680**	**460**	**1,190**	**1,452**	**188**	**4,991**
Producer Premiums	0	3	0	0	196	54	81	207	156	3	700

Source: Statistics Canada, Catalogue No. 21-015-XIE, Agriculture Economic Statistics, May 2005.

(1) Excludes private hail insurance. Since April 1, 2003, the Crop Insurance program has been replaced by the Production Insurance program.

(2) Other payments include programs such as private hail insurance, Bovine Spongiform Encephalopathy Recovery and special assistance programs.

Table A.3: Average Total Operating Revenues, Operating Expenses and Net Operating Income per Farm, Canada and Provinces, 2001-03

Province	2001	2002	2003	03/02
	- Dollars per farm -			
Newfoundland				
Operating revenues	294,773	322,771	342,936	6%
Operating expenses	273,453	309,648	317,597	3%
Net operating income	21,320	13,123	25,340	93%
Prince Edward Island				
Operating revenues	262,990	275,372	296,904	8%
Operating expenses	228,066	245,961	260,624	6%
Net operating income	36,450	31,084	36,279	17%
Nova Scotia				
Operating revenues	208,134	219,701	221,516	1%
Operating expenses	177,827	191,251	193,937	1%
Net operating income	30,307	28,449	27,578	-3%
New Brunswick				
Operating revenues	262,399	280,226	288,734	3%
Operating expenses	220,618	231,847	244,023	5%
Net operating income	41,781	48,379	44,711	-8%
Quebec				
Operating revenues	245,732	251,368	264,537	5%
Operating expenses	206,604	215,421	226,546	5%
Net operating income	39,462	36,646	37,991	4%
Ontario				
Operating revenues	208,748	216,352	224,922	4%
Operating expenses	183,579	188,660	198,180	5%
Net operating income	25,592	27,812	26,742	-4%
Manitoba				
Operating revenues	197,469	212,784	229,327	8%
Operating expenses	165,000	177,726	197,286	11%
Net operating income	32,820	35,671	32,041	-10%
Saskatchewan				
Operating revenues	123,249	127,625	130,878	3%
Operating expenses	97,332	101,250	111,735	10%
Net operating income	26,368	26,600	19,143	-28%
Alberta				
Operating revenues	213,774	224,003	215,338	-4%
Operating expenses	185,035	193,135	194,775	1%
Net operating income	28,858	31,267	20,564	-34%
British Columbia				
Operating revenues	224,703	240,747	248,176	3%
Operating expenses	204,282	216,497	222,762	3%
Net operating income	20,810	24,977	25,414	2%
Canada				
Operating revenues	193,329	202,654	207,689	2%
Operating expenses	164,730	172,760	182,122	5%
Net operating income	28,998	30,250	25,567	-15%

Source: Statistics Canada, Whole Farm Data Project, Net Income Stabilisation Account and Taxation Data Program.

Significant Points

- Farms in Canada in 2003 reported an average increase in operating revenue of 2%, which was not enough to offset a 5% increase in operating expenses. This resulted in a 15% decline in net operating income from the previous year.
- Net operating income of farms in Alberta and Saskatchewan declined by 34% and 28% respectively from the previous year, mainly a result of the Bovine Spongiform Encephalopathy (BSE) crisis in 2003 and recent successive years of drought.
- The net operating income of farms in both Newfoundland and Labrador and P.E.I. increased substantially in 2003, rising 93% and 17% respectively from the previous year.
- As in previous years, net operating income of farms in New Brunswick was the highest of all provinces at $44,711 followed by farms in Quebec ($37,991), P.E.I. ($36,279) and Manitoba ($32,041).

Table A.4: Average Farm Revenues, Operating Expenses and Net Cash Income per Farm by Farm Type, Canada, 2001-03

Farm Type	2001	2002	2003	03/02
	- Dollars per farm -			
Dairy cattle and milk production				
Operating revenues	286,049	299,244	322,523	8%
Operating expenses	216,758	229,245	248,738	9%
Net operating income	69,291	69,999	73,785	5%
Beef cattle ranching and farming				
Operating revenues	173,753	181,816	170,433	-6%
Operating expenses	158,825	166,989	163,731	-2%
Net operating income	14,928	14,827	6,702	-55%
Hog and pig farming				
Operating revenues	718,761	720,330	793,886	10%
Operating expenses	622,608	666,444	754,752	13%
Net operating income	96,153	53,886	39,134	-27%
Poultry and egg production				
Operating revenues	733,133	722,630	743,932	3%
Operating expenses	652,817	641,468	663,735	3%
Net operating income	80,316	81,163	80,197	-1%
Oilseed and grain farming				
Operating revenues	123,614	131,891	138,173	5%
Operating expenses	95,375	100,338	111,751	11%
Net operating income	28,239	31,553	26,422	-16%
Potato farming				
Operating revenues	542,408	620,995	598,228	-4%
Operating expenses	453,513	501,150	495,261	-1%
Net operating income	88,895	119,845	102,967	-14%
Fruit and tree nut farming				
Operating revenues	135,017	142,574	154,587	8%
Operating expenses	120,499	124,016	132,883	7%
Net operating income	14,518	18,558	21,704	17%
Other vegetable and melon farming				
Operating revenues	263,605	292,599	285,750	-2%
Operating expenses	223,918	248,236	243,854	-2%
Net operating income	39,687	44,363	41,896	-6%
Greenhouse, nursery and floriculture production				
Operating revenues	632,348	683,518	729,241	7%
Operating expenses	589,607	615,728	661,523	7%
Net operating income	42,740	67,791	67,718	0%
All Farm Types				
Operating revenues	193,329	202,654	207,689	2%
Operating expenses	164,730	172,760	182,122	5%
Net operating income	28,998	30,250	25,567	-15%

Source: Statistics Canada, Whole Farm Data Project, Net Income Stabilization Account and Taxation Data Program.

Significant Points

- Potato farms recorded the highest average net operating income of all farm types in 2003 at $102,967, followed by poultry and egg farms at $80,197 and dairy farms at $73,785.
- Greenhouse, nursery and floriculture farms also reported relatively high net operating income in 2003, ranking these farms fourth among farm types in terms of net operating income at $67,718.
- Net operating income declined for all farm types except for fruit and tree nut farms (up 17%) and dairy and milk production farms (up 5%).
- Net operating income of beef cattle farms declined 55% in 2003 from the previous year, primarily as a result of the closure of the U.S. border to Canadian beef in May 2003.

Table A.5: Average Farm Family Income by Source and Income Group[1], Unincorporated Farms, Canada, 2002

Farm Family Income (before Depreciation)	Number of Farm Families		Off-Farm Employment Income[2]	Investment Income	Pension Income	Other Off-Farm Income[3]	Total Off-Farm Income	Net Operating Income	Total Family Income
	Number	% of Total							
All Farms									
Under $10,000[4]	6,630	4.6	9,564	2,177	3,404	3,972	19,118	-45,465	-26,347
$10,000 - $19,999	6,360	4.4	7,816	1,528	5,443	3,935	18,723	-3,074	15,649
$20,000 - $29,999	12,110	8.4	9,693	2,210	7,547	3,504	22,954	2,546	25,500
$30,000 - $39,999	14,600	10.1	13,368	2,632	8,238	3,599	28,137	7,682	35,819
$40,000 - $49,999	15,510	10.7	19,227	2,488	7,695	4,470	33,879	11,809	45,688
$50,000 - $99,999	56,790	39.3	36,583	4,075	7,352	4,550	52,560	20,337	72,897
$100,000 +	32,330	22.4	84,924	10,741	6,795	6,461	108,921	52,185	161,107
TOTAL	144,350	100.0	38,461	4,895	7,105	4,732	55,193	19,722	74,914
Small Farms (Revenues $10,000-$49,999)									
Under $10,000[4]	2,930	4.4	8,291	1,557	4,154	2,396	16,398	-26,568	-10,169
$10,000 - $19,999	3,990	5.9	6,839	1,603	6,738	3,532	18,711	-2,999	15,713
$20,000 - $29,999	8,320	12.4	9,617	2,272	9,400	3,117	24,406	921	25,327
$30,000 - $39,999	8,290	12.4	15,265	3,109	11,209	3,076	32,659	2,558	35,217
$40,000 - $49,999	7,880	11.7	24,363	2,996	10,746	4,294	42,399	2,551	44,950
$50,000 - $99,999	24,290	36.2	49,168	5,325	10,578	3,751	68,823	2,005	70,828
$100,000 +	11,400	17.0	123,719	13,072	9,784	5,456	152,030	214	152,243
TOTAL	67,090	100.0	45,530	5,330	9,887	3,870	64,617	155	64,772
Medium Farms (Revenues $50,000-$99,999)									
Under $10,000[4]	1,360	4.9	10,794	1,793	3,177	3,865	19,630	-30,972	-11,342
$10,000 - $19,999	1,260	4.6	8,082	1,359	4,600	4,228	18,270	-2,414	15,856
$20,000 - $29,999	1,970	7.2	10,323	2,300	4,518	3,827	20,968	4,520	25,488
$30,000 - $39,999	3,200	11.6	12,238	2,261	5,965	3,622	24,086	11,667	35,753
$40,000 - $49,999	3,620	13.1	15,670	2,496	6,728	3,979	28,872	17,474	46,346
$50,000 - $99,999	11,580	42.0	37,036	3,979	7,535	4,670	53,220	18,669	71,889
$100,000 +	4,550	16.5	101,674	12,819	7,923	6,247	128,663	19,895	148,557
TOTAL	27,550	100.0	37,497	4,698	6,745	4,598	53,537	13,468	67,005
Large Farms (Revenues $100,000+)									
Under $10,000[4]	2,340	4.7	10,440	3,176	2,599	6,005	22,221	-77,895	-55,674
$10,000 - $19,999	1,110	2.2	11,019	1,454	1,759	5,050	19,283	-4,096	15,186
$20,000 - $29,999	1,830	3.7	9,358	1,831	2,356	4,915	18,460	7,780	26,240
$30,000 - $39,999	3,100	6.2	10,880	1,740	2,644	4,976	20,240	17,324	37,564
$40,000 - $49,999	4,020	8.1	12,366	1,484	2,588	5,255	21,693	24,771	46,464
$50,000 - $99,999	20,930	42.1	21,727	2,677	3,507	5,412	33,323	42,534	75,857
$100,000 +	16,370	32.9	53,247	8,539	4,400	7,221	73,406	97,372	170,778
TOTAL	49,710	100.0	29,452	4,418	3,549	5,970	43,389	49,595	92,983

Source: Statistics Canada, Whole Farm Data Project, Taxation Data Program.

1 Based on family income from all sources: farm (net operating income) and off-farm income.
2 Off-farm employment income includes "wages and salaries" and "net non-farm self-employment income".
3 Other off-farm income includes "government social transfers and RRSP".
4 Includes losses.

- The average farm family earned $74,914 in 2002 with 26% from farm income and 74% from off-farm sources.
- Almost 62% of Canadian farm families reported total family income of $50,000 or more.
- The proportion of families with total family income of less than $10,000 increased from the previous year to 4.6%. However, the average net operating loss for this group declined by an average amount of $1,855.

Methodology for Farm Income

Table A.1: Farm Receipts, Expenses and Income

Net Cash Income measures farm business cash flow (gross revenue minus operating expenses) generated from the production of agricultural goods. It represents the money available for debt repayment, investment or withdrawal by the owner. *Realized Net Income* measures the financial flows, both monetary (cash income) and non-monetary (depreciation and income-in-kind), of farm businesses. It represents the net farm income in a given year regardless of the year the agricultural goods were produced. *Total Net Income* measures the financial flows and stock changes of farm businesses. It values agriculture economic production during the year that the agricultural goods were produced. It represents the return to owner's equity, unpaid labour, management and risks.

Crop and livestock receipts include only receipts from sales of agricultural products through commercial channels and exclude direct sales between farmers within the same province.

Total program payments include gross payments directly paid to producers under federal, provincial and municipal programs. Program payments represent the amount actually received by producers on a calendar year basis, with the exception of the "Other Payments" category which includes some payments on a fiscal or crop year basis. Program payments are allocated to the year during which they are actually received by producers.

NISA payments only represent the producers' withdrawals from Fund 2 (governments' fund). The large balances accumulated in Fund 1 (producers' fund) and unrealized triggers in Fund 2 are not included. Because of its design (whole farm and individual basis) and the fact that producers are not obliged to withdraw triggered payments from the account, it is very difficult to forecast NISA payments.

Some government support programs are reflected in operating expenses to the extent that they reduce farm input costs, as is the case with provincial credit programs. Also included are producer premiums paid for insurance programs.

Farm operating expenses include all business costs incurred in the production of agriculture commodities, for goods and services bought outside each province's agriculture sector.

Figure A.1(a) and Figure A.1(b): Canadian Farm Income in Current Dollars and in 1997 Dollars

Real income is defined in terms of 1997 dollars using the Gross Domestic Product Implicit Price Deflator (GDP deflator, 1997 = 100).

Table A.2: Gross Direct Program Payments and Producer Premiums

Program payments include gross payments/ indemnities directly paid to producers under statutory programs such as NISA as well as provincial income stabilization programs and other special income support programs such as drought assistance. Payments under NISA represent withdrawals from Fund 2 (governments' fund).

Production Insurance payments include only government production insurance programs; private hail insurance payments are excluded. The latter is included in Other Payments.

Producers also contribute to government programs by paying premiums for programs such as Production Insurance and provincial stabilization programs.

Table A.3 and Table A.4: Average Total Operating Revenue, Operating Expenses and Net Operating Income per Farm, by Province (A.3) and By Farm Type (A.4)

The Net Income Stabilization Account and Taxation Data Program (NISA/TDP) estimates of farm income are derived from a sample of individual tax filers who reported either positive gross farm income or non-zero net farm income from self-employment on their income tax returns. For incorporated farms, the sampling frame is made up of all corporations within the ten provinces and the territories that are classified as farms according to the North American Industry Classification System (NAICS) and that have sales

of $25,000 or more. To be classified as a farm in NAICS, 50% of more of the sales has to come from agricultural activities. For purposes of statistical tabulations, the NISA/TDP excludes unincorporated farms with farm revenues below $10,000.

The NISA/TDP farm income estimates differ from the official farm cash receipts and expenses estimates reported in Agriculture Economic Statistics, Catalogue No. 21-011-XIE and 21-012-XIE. For explanation of some of the differences, please refer to "Understanding Measurements of Farm Income", Catalogue No. 21-525, Agriculture and Agri-Food Canada and Statistics Canada.

Farm revenue refers to revenue received from the sale of agricultural commodities as well as from agricultural program payments and insurance proceeds. Revenue from the sale of forest products is also included.

Operating expenses refer to the business costs, not including depreciation, incurred by farm operators for goods and services used in the production of agricultural commodities.

For both farm revenues and operating expenses, inter-farm sales and purchases are included.

The type of farm is based on a percentage of agricultural sales. The commodity or commodity group that makes up 50% or more of the sales determines the primary farm type that will be assigned to an individual farm. The NAICS acts now as the basis for classifying farm types.

For a detailed description of methodology, please refer to the Whole Farm Data Base reference manual, Statistics Canada, Catalogue No. 21F0005GPE.

Table A.5: Average Family Income by Source and Income Group, Unincorporated Farms

Total family income is derived from the personal tax records of individual family members. Farm families are identified by linking two source files: the Net Income Stabilization Account and Taxation Data Program's (NISA/TDP) sample of individuals operating unincorporated farms and the T1 Family File (T1FF) which contains family units developed by the Small Area and Administrative Data Division (SAADD) of Statistics Canada.

The following members and/or families are excluded:

1) Non-family persons who do not belong to a husband-wife or a lone parent family;
2) Families in which members derived all of their farm revenues from non-agricultural sources;
3) Families in which members are involved in more than one farming operation,
4) Families operating a farm showing a gross operating revenue of less than $10,000.

Off-farm income estimates are produced by adding the off-farm income components of family members and applying the appropriate family weight to each record which corresponds to a family.

For a detailed description of the methodology, please refer to Statistics on income of farm families, Statistics Canada, Catalogue No. 21-207-XIE.

SECTION B

Farm Financial Conditions

SUMMARY

• In 2004 total farm debt rose by just less than 5%. This was the lowest rise in more recent years. Total farm debt in every province rose. Provincial governments were the only providers of loans whose value of total debt declined in 2004. Total farm debt held by the Federal Government increased by over 11% in 2004. The private sector including commercial banks, credit unions and other private holder of debt continue to play a strong part in providing debt financing.

• The total number of farm bankruptcies in Canada was five more farms than in 2003. Ontario, Saskatchewan and Alberta saw increases in bankruptcies in 2004.

• Farm Credit Canada reported, for fiscal 2004-05, that the number of loans receivable had increased by more than 3,000 loans. This indicates a continued growth in portfolio holdings. The number of new loans approved in fiscal 2004-05 also showed continued strong growth.

• While the average size of new loans approved under FIMCLA increased, the number of new loans approved declined.

• Average assets and net worth of Canadian farms increased between 2001 and 2003.

• Fertilizer prices were higher in the summer of 2005 than in the fall of 2004 in all markets surveyed. Tight international stock and rising global fertilizer demand situation are the major factors behind the higher prices. Ontario fertilizer prices have drawn closer to U.S. prices in the June of 2005 for almost all of the fertilizers.

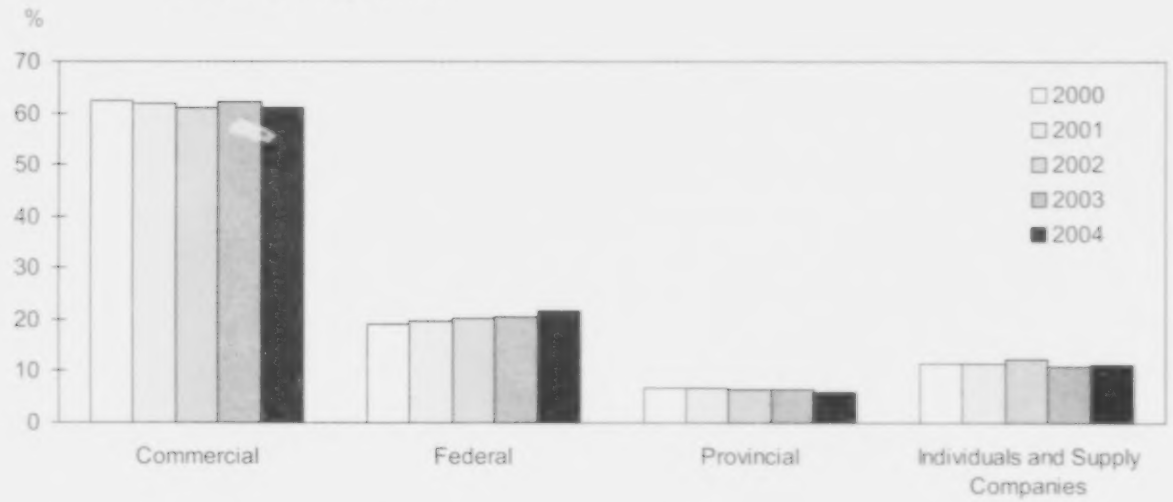
FCC Farm Mortgage Interest Rate

Table B.1: Farm Debt, Canada and Provinces, 1995-04

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
	- $ Million -										
1995	40	311	309	272	4,403	5,457	2,427	4,518	6,633	1,373	25,742
1996	43	333	327	301	4,868	5,967	2,588	4,811	6,894	1,483	27,615
1997	41	377	365	331	5,435	6,866	2,820	5,171	7,611	1,652	30,671
1998	44	420	401	358	6,097	7,635	3,151	5,584	8,219	1,859	33,768
1999	49	443	422	383	6,845	8,206	3,510	5,810	8,685	2,073	36,425
2000	47	472	465	427	7,611	9,097	3,715	5,962	9,128	2,156	39,078
2001	54	508	491	472	8,133	9,692	3,948	6,061	9,485	2,217	41,060
2002	67	551	549	520	9,285	11,104	4,249	6,070	9,775	2,327	44,497
2003	64	604	551	556	9,430	11,418	4,711	6,557	10,342	2,431	46,664
2004	76	677	617	585	9,983	12,092	5,030	6,783	10,423	2,680	48,944

Source: Statistics Canada, Catalogue No. 21-603-XIE Agriculture Economic Statistics.

Figure B.1: Lender Shares as a Percentage of Farm Debt, Canada, as of December 31, 2000-04



Source: Statistics Canada, Catalogue No. 21-014-XIE Agriculture Economic Statistics.

Significant Points

- In 2004 total farm debt increased by almost 5% from the previous year. This represents a reduction in the rate of growth of farm debt.
- Commercial lenders, including banks, credit unions and other private financial institutions, continue to hold over 60% of total farm debt.
- The provincial share of farm debt fell some 4% and the federal share of farm debt increased some 6%. This federal share includes the Advance Payments Program which facilitates loans provided by commercial lenders.
- Farm debt held in the private sector, including Commercial Banks, Credit Unions, Insurance Companies, Trust Companies, Private Individuals and other private sources all rose.

Table B.2: Farm Bankruptcies by Province, 1991-04

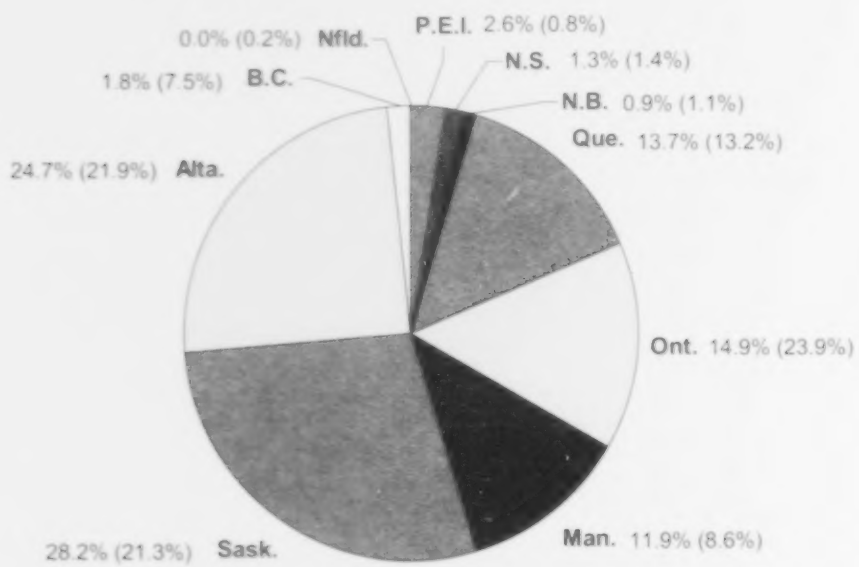
	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	NWT/ Yukon	Canada
1991	0	3	3	7	82	15	21	224	71	15	0	441
1992	0	2	5	3	63	21	15	191	73	10	0	383
1993	1	7	4	2	49	22	13	166	80	5	0	349
1994	0	3	2	3	67	15	7	132	68	11	0	308
1995	1	0	8	5	33	23	10	94	87	12	0	273
1996	0	0	5	4	54	17	24	95	75	1	0	275
1997	0	4	6	4	54	15	19	76	61	4	0	243
1998	0	1	4	1	47	12	27	92	55	5	0	244
1999	0	1	2	2	42	17	29	99	45	6	0	243
2000	0	1	4	2	40	20	18	76	38	14	0	213
2001	1	2	4	0	57	23	19	64	44	6	0	220
2002	0	2	1	4	28	30	41	50	32	9	0	197
2003	0	1	4	1	46	22	28	59	46	15	0	222
2004	0	6	3	2	31	34	27	64	56	4	0	227
2003*	0	3	1	2	10	6	14	25	24	1	0	86
2004*	0	3	0	0	13	7	4	28	26	0	0	81

Source: Office of the Superintendant of Bankruptcy.

Note: Starting in 2004 statistics are reported based on the North American Industry Classification rather than the Standard Industrial Classification.

* January 1 to December 31. North American Industry Classification.

Figure B.2: Distribution of Farm Bankruptcies by Province, 2004



Sources: Office of the Superintendant of Bankruptcy and Statistics Canada, 2001 Census of Agriculture.

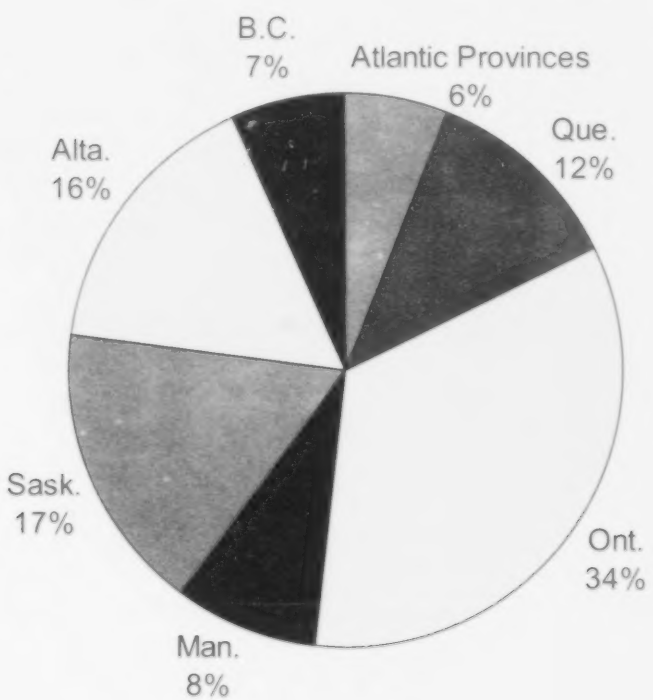
Note: The percent of farms by province in 2001 is indicated in brackets. It is based on the 2001 Census of Agriculture.

Table B.3: Farm Credit Canada (FCC) Loans Receivable Portfolio, 1999-00 to 2004-05

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Number of loans receivable	73,686	75,202	75,888	78,442	82,551	85,650
Amount receivable ($million)	6,304	6,904	7,709	8,804	10,039	11,150
Number of loans approved	14,201	14,471	16,753	25,133	26,529	27,948
Amount of loans approved ($million)	1,612	1,668	2,102	2,561	2,862	3,067
Average size of loans approved ($)	113,500	115,230	125,470	101,914	107,871	109,747

Source: Farm Credit Canada.

Figure B.3: Distribution of the Amount of FCC Loans Receivable, by Province, as of March 31, 2005



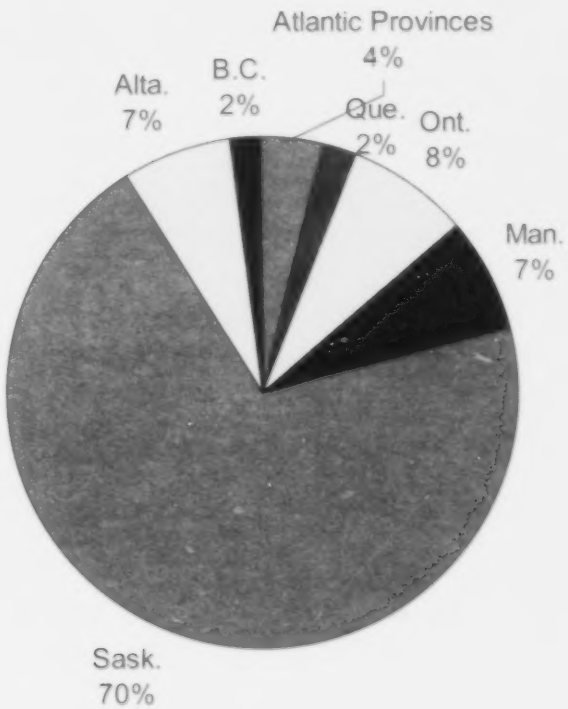
Source: Farm Credit Canada

Table B.4: New Loans Registered Under the Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA), 1997-98 to 2004-05

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Number of new loans registered	15,946	8,641	7,628	6,304	5,659	4,722	3,155	2,829
Amount of new loans registered ($000s)	516,885	259,174	215,998	189,087	178,732	160,425	105,601	105,095
Average size of new loans registered ($)	32,415	29,994	28,316	29,995	31,584	33,974	33,471	37,149

Source: For 1997-98 to 2002-03, Agriculture and Agri-Food Canada Performance Report. For 2003-04 and 2004-05 FIMCLA Administration, National Marketing Programs Division Agriculture and Agri-Food Canada.

Figure B.4: Distribution of the Amount of New Loans Registered under FIMCLA, by Province, 2004-05



Source: FIMCLA Administration, National Marketing Programs Division, Agriculture and Agri-Food Canada.

Table B.5: Average Assets, Liabilities, Net Worth and Net New Investment, by Farm Type, Canada and Provinces, 2001, 2002 and 2003

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
CANADA								
Farm Assets								
- 2001	1,982,297	805,174	1,642,247	2,192,178	855,723	1,920,845	900,800	1,038,917
- 2002	2,119,152	807,753	1,619,940	2,405,028	925,904	1,912,010	993,447	1,091,658
- 2003	2,288,011	778,808	1,691,423	2,692,468	966,131	2,232,459	997,756	1,097,875
Farm Debt								
- 2001	433,651	124,564	489,773	423,039	177,602	519,282	149,949	195,044
- 2002	482,205	132,045	534,579	452,083	181,828	535,118	160,166	209,563
- 2003	558,330	141,729	526,409	519,654	189,561	666,600	175,630	223,569
Net Worth								
- 2001	1,548,647	680,610	1,152,475	1,769,139	678,122	1,401,563	750,852	843,874
- 2002	1,636,946	675,708	1,085,360	1,952,945	744,075	1,376,892	833,281	882,095
- 2003	1,729,680	637,080	1,165,014	2,172,814	776,570	1,565,859	822,120	874,310
Net New Investment								
- 2001	76,382	19,971	108,845	64,607	28,691	83,075	29,317	36,335
- 2002	93,378	18,203	92,960	76,727	27,285	122,919	31,715	37,804
- 2003	106,289	13,115	65,816	57,848	34,118	132,038	37,607	37,633

Significant Points

- Poultry and egg farms had the highest net worth in 2003 at $2,172,800.
- Dairy farms and potato farms also had a high net worth at $1,729,700 and $1,565,900, respectively.
- The average net capital investment of all farm types was $37,630 in 2003 essentially unchanged from $37,800 in 2002.
- Investment varied significantly between farm types.
- Potato farms had the highest net capital investment in 2003 at $132,000 which is over three and half times the Canadian average.
- Dairy farms at $106,300 had the second highest average level of net capital investment.

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
ATLANTIC								
Farm Assets								
- 2001	1,954,542	483,838	1,042,360	1,610,093	599,942	2,003,794	624,298	1,068,610
- 2002	2,274,215	438,301	875,021	1,524,444	466,742	2,095,776	787,583	1,007,458
- 2003	2,323,662	454,244	861,069	1,533,936	484,374	2,166,628	556,691	1,077,743
Farm Debt								
- 2001	400,445	66,112	406,717	316,052	123,808	503,075	105,187	227,882
- 2002	427,730	51,106	339,008	320,390	84,127	611,409	161,192	217,534
- 2003	548,025	59,036	347,473	365,486	87,211	662,778	88,323	259,565
Net Worth								
- 2001	1,554,097	417,726	635,642	1,294,040	476,134	1,500,718	519,111	840,728
- 2002	1,846,484	387,194	536,014	1,204,054	382,616	1,484,367	626,391	789,923
- 2003	1,775,636	395,208	513,596	1,168,450	397,163	1,503,850	468,368	818,178
Net New Investment								
- 2001	58,081	13,069	56,318	71,586	21,530	83,378	10,171	37,775
- 2002	79,069	1,638	44,963	61,173	16,768	115,028	27,840	37,257
- 2003	107,669	10,314	10,909	43,746	23,922	128,586	16,862	45,063

Significant Points

- Newfoundland reported the highest percentage increase in assets of 21% in 2003.
- New Brunswick and Prince Edward Island showed a 9.5% increase in asset values.
- Prince Edward Island had the highest liabilities per farm at $355,000.
- Newfoundland at $57,100 had the highest average net capital investment.

Source: Statistics Canada and Agriculture and Agri-Food Canada, Farm Financial Survey.

Table B.5: Average Assets, Liabilities, Net Worth and Net New Investment, by Farm Type, Canada and Provinces, 2001, 2002 and 2003 (cont'd)

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
QUEBEC								
Farm Assets								
- 2001	1,657,209	498,733	1,161,878	2,099,658	624,890	941,227	1,102,797	1,071,458
- 2002	1,693,240	517,195	1,227,277	2,171,247	843,065	1,309,206	1,164,813	1,123,020
- 2003	1,856,339	523,571	1,295,863	2,892,060	865,895	1,160,563	1,032,909	1,169,751
Farm Debt								
- 2001	397,416	83,610	479,613	326,605	143,665	290,503	262,788	258,137
- 2002	457,269	114,289	553,577	367,878	246,353	297,175	301,367	302,736
- 2003	510,611	131,363	560,322	519,161	214,374	306,757	243,806	317,346
Net Worth								
- 2001	1,259,793	415,123	682,265	1,773,053	481,225	650,724	840,009	813,321
- 2002	1,233,971	1,402,306	674,300	1,804,369	596,712	1,012,031	863,452	820,272
- 2003	1,345,727	392,208	735,541	2,372,898	651,521	853,806	789,103	852,405
Net New Investment								
- 2001	75,961	15,820	92,569	72,997	26,544	30,652	32,497	47,299
- 2002	89,910	5,772	74,462	84,990	40,111	107,815	47,871	52,318
- 2003	100,012	17,653	53,116	103,276	30,917	49,937	31,788	52,641

Significant Points

- Quebec reported a 4.2% increase in average assets for 2003.
- At $317,300 Quebec had the highest level of debt on a per farm basis.
- Quebec had the second highest average net capital investment at $52,640.

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
ONTARIO								
Farm Assets								
- 2001	2,093,896	680,930	1,340,784	2,449,284	1,112,139	2,253,638	939,304	1,172,999
- 2002	2,310,357	675,226	1,480,847	2,805,345	1,083,423	1,706,426	996,190	1,215,235
- 2003	2,487,419	685,238	1,617,208	2,936,091	1,151,871	2,722,231	1,018,461	1,250,706
Farm Debt								
- 2001	388,909	89,989	406,700	480,454	199,442	858,357	146,807	213,366
- 2002	443,365	100,009	513,403	515,614	178,616	459,308	149,141	229,344
- 2003	524,611	99,016	526,339	550,889	200,708	634,584	171,562	241,601
Net Worth								
- 2001	1,704,987	590,941	934,085	1,968,830	912,697	1,395,281	792,497	959,633
- 2002	1,866,992	575,216	967,443	2,289,731	904,807	1,247,117	847,050	985,890
- 2003	1,962,808	586,223	1,090,869	2,385,202	951,163	2,087,647	846,899	1,009,105
Net New Investment								
- 2001	57,482	6,838	63,942	54,339	39,812	104,532	20,709	34,147
- 2002	90,541	16,695	100,837	83,356	20,826	96,455	21,425	41,181
- 2003	106,143	-3,662	46,887	40,031	33,230	154,384	26,622	33,547

Significant Points

- The average farm in Ontario now has assets of $1,250,000.
- The average farm in Ontario has debts of $241,600.
- The average farm in Ontario now has a net worth in excess of $1,000,000.

Source: Statistics Canada and Agriculture and Agri-Food Canada. Farm Financial Survey.

Table B.5: Average Assets, Liabilities, Net Worth and Net New Investment, by Farm Type, Canada and Provinces, 2001, 2002 and 2003 (cont'd)

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
MANITOBA								
Farm Assets								
- 2001	1,917,040	577,568	1,965,092	1,859,125	..	2,730,398	902,967	893,471
- 2002	2,120,932	578,996	2,289,811	1,837,103		3,075,221	1,066,429	1,003,570
- 2003	2,323,273	559,137	1,904,976	1,673,881		4,921,225	1,108,437	997,259
Farm Debt								
- 2001	445,960	98,371	496,653	254,332	..	736,651	181,467	179,999
- 2002	528,152	100,426	585,694	392,518		986,382	197,402	198,660
- 2003	604,851	115,817	532,328	389,394		1,372,016	225,729	217,669
Net Worth								
- 2001	1,471,080	479,197	1,468,439	1,604,793	..	1,993,747	721,500	713,472
- 2002	1,592,780	478,570	1,704,117	1,444,585		2,088,839	869,026	804,910
- 2003	1,718,422	443,320	1,372,648	1,284,487		3,549,210	882,708	779,590
Net New Investment								
- 2001	104,798	21,401	119,032	92,358	..	162,754	28,567	35,545
- 2002	71,408	9,269	125,168	55,135		217,145	42,512	36,595
- 2003	98,583	10,992	94,534	65,826		403,230	49,970	40,909

Significant Points

- Manitoba had a 1% decrease in asset values.
- Manitoba potato farms reported the highest average assets at $4,921,000.
- Average net worth in Manitoba decreased 3%.

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
SASKATCHEWAN								
Farm Assets								
- 2001	1,995,301	632,788	4,200,863	..	..	..	775,861	774,325
- 2002	2,348,134	641,131	1,783,536	..			822,679	793,529
- 2003	2,648,786	601,462	3,271,365				840,659	784,558
Farm Debt								
- 2001	785,100	101,784	1,197,718	..	..	..	128,337	137,093
- 2002	563,312	96,833	361,042	..			131,211	128,181
- 2003	543,883	120,307	523,924				150,521	143,347
Net Worth								
- 2001	1,210,200	531,004	3,003,145	..	..	..	647,525	637,232
- 2002	1,784,822	544,298	1,422,494	..			691,468	665,348
- 2003	2,104,903	481,155	2,747,440				690,138	641,211
Net New Investment								
- 2001	239,208	17,243	653,555	..	..	..	30,940	33,674
- 2002	184,996	17,499	91,857	..			25,147	25,277
- 2003	22,883	13,561	245,590				33,267	28,393

Significant Points

- Saskatchewan had a 1% decrease in asset values.
- Saskatchewan had the lowest liabilities per farm at $143,000.
- Saskatchewan had the second lowest net worth in 2003 at $641,000 respectively.
- Average net worth in Saskatchewan decreased 4%.
- Saskatchewan showed the lowest net capital investment in 2003 at $28,400.

Source: Statistics Canada and Agriculture and Agri-Food Canada, Farm Financial Survey.

Table B.5: Average Assets, Liabilities, Net Worth and Net New Investment, by Farm Type, Canada and Provinces, 2001, 2002 and 2003 (cont'd)

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
ALBERTA								
Farm Assets								
- 2001	4,137,684	1,072,566	2,795,747	1,572,509	..	2,784,428	1,120,808	1,162,363
- 2002	3,389,947	1,119,126	2,495,619	2,276,315	..	2,670,314	1,250,892	1,236,454
- 2003	3,633,425	1,070,605	2,782,866	1,948,459	..	2,747,907	1,271,892	1,202,022
Farm Debt								
- 2001	866,058	174,152	554,863	335,982	..	687,531	157,098	188,132
- 2002	855,067	191,708	640,893	471,517	..	857,544	169,863	206,965
- 2003	994,499	198,499	513,120	416,782	..	1,138,509	187,474	212,835
Net Worth								
- 2001	3,271,626	898,414	2,240,384	1,236,527	..	2,096,897	963,710	974,231
- 2002	2,534,880	927,419	1,854,726	1,804,798	..	1,812,770	1,081,029	1,029,489
- 2003	2,638,926	872,106	2,269,746	1,531,677	..	1,609,398	1,084,418	989,187
Net New Investment								
- 2001	131,836	28,634	125,389	5,745	..	112,175	33,840	35,209
- 2002	92,314	25,934	102,924	83,152	..	210,840	44,148	37,373
- 2003	152,755	22,183	91,615	63,061	..	138,150	53,054	38,594

Significant Points

- Alberta showed a 3% decrease in assets in 2003 compared to 2002.
- Average net worth in Alberta decreased 4% to $989,000.
- Average investment in Alberta was up 3.3% to $38,600.

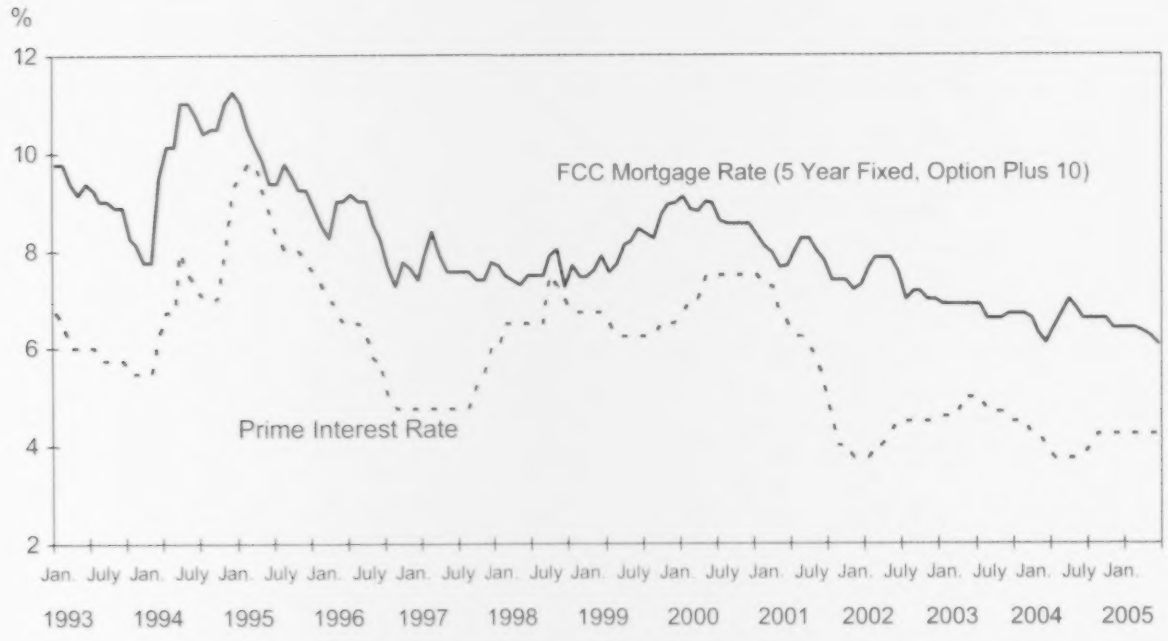
	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
BRITISH COLUMBIA								
Farm Assets								
- 2001	3,462,048	1,008,746	1,433,501	2,449,193	923,890	1,934,574	1,054,486	1,320,323
- 2002	3,702,146	1,013,127	1,441,966	2,343,048	1,063,402	1,411,424	1,312,031	1,335,705
- 2003	4,061,588	910,749	914,546	3,229,244	1,093,369	3,338,976	857,375	1,419,411
Farm Debt								
- 2001	742,143	112,934	485,695	530,056	192,768	220,423	181,916	249,279
- 2002	713,112	124,964	522,762	439,508	192,417	94,052	192,169	238,167
- 2003	951,167	119,407	262,578	635,579	219,912	415,448	122,885	279,227
Net Worth								
- 2001	2,719,906	895,812	947,806	1,919,137	731,121	1,714,151	872,570	1,071,043
- 2002	2,989,034	888,163	919,204	1,903,540	870,984	1,317,371	1,119,862	1,097,539
- 2003	3,110,421	791,342	651,968	2,593,665	873,456	2,923,528	734,491	1,140,184
Net New Investment								
- 2001	95,018	24,273	52,611	65,015	10,326	73,371	18,037	32,241
- 2002	152,673	22,897	40,583	65,297	29,410	30,831	45,148	40,606
- 2003	159,396	14,829	2,229	69,070	44,253	267,607	23,886	41,404

Significant Points

- British Columbia on average at $1,419,000 had the highest assets in 2003.
- British Columbia has the second highest average net worth at $1,140,000.

Source: Statistics Canada and Agriculture and Agri-Food Canada, Farm Financial Survey.

Figure B.5: FCC Mortgage Rate and Prime Interest Rate, 1993-05


%
12
10
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2
FCC Mortgage Rate (5 Year Fixed, Option Plus 10)
Prime Interest Rate
Jan. July Jan. July Jan. July Jan. July Jan. July Jan. July Jan. July Jan. July Jan. July Jan. July Jan. July Jan. July Jan. July Jan.
1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

Sources: Farm Credit Canada (FCC) and Bank of Canada Review.

Table B.6: Comparison of Selected Average Fertilizer and Fuel Prices Between Manitoba and Minnesota/North Dakota, 2004 and 2005

	Manitoba		Minnesota/North Dakota	
	Summer 05	Fall 04	Summer 05	Fall 04
Nitrogen (Cdn$/tonne)				
Anhydrous Ammonia (82-0-0)	632	577	509	517
Urea (46-0-0)	418	408	417	349
Phosphate (Cdn$/tonne)				
MAP (11-52-0)	414	402	404	365
Potash (Cdn$/tonne)				
Potash (0-0-60)	265	232	301	215
Fuel (Cdn¢/litre)				
Diesel	70	63	59	n.a.
Gasoline (regular unleaded)	77	69	67	n.a.

Source: The Thomsen Corporation.

Table B.7: Comparison of Selected Average Fertilizer and Fuel Prices Between Ontario and Michigan/Ohio/Indiana, 2004 and 2005

	Ontario		Michigan/Ohio/Indiana	
	June 05	Oct. 04	June 05	Oct. 04
Nitrogen (Cdn$/tonne)				
Anhydrous Ammonia (82-0-0)	678	643	667	599
Urea (46-0-0)	455	431	481	428
Nitrogen Solution (UAN, 28%)	306	286	322	270
Ammonium Nitrate	404	393	452	568
Phosphate (Cdn$/tonne)				
MAP (11-52-0)	458	447	430	418
DAP (18-46-0)	456	449	425	396
Triple Super (0-46-0)	452	445	401	386
Potash (Cdn$/tonne)				
Potash (0-0-60)	335	292	331	283
Fuel (Cdn¢/litre)				
Diesel	75	68	66	59
Gasoline (regular unleaded)	85	82	70	67

Source: Ridgetown College, University of Guelph

Table B.8: Agricultural Inputs, Canada, 2000-04

	2000	2001	2002	2003	2004
	($000)				
Machinery Operating Costs	3,469,013	3,548,803	3,456,889	3,585,287	3,831,820
Commercial Feed	3,788,765	4,343,432	5,100,539	5,020,528	5,041,139
Wages	3,284,549	3,498,851	3,665,555	3,763,267	3,831,004
Fertilizer and Lime	2,067,308	2,333,899	2,260,171	2,511,406	2,527,859
Interest	2,536,214	2,498,844	2,365,925	2,312,588	2,261,537
Rent	1,182,363	1,207,785	1,314,563	1,379,676	1,424,900
Pesticides	1,549,620	1,589,727	1,525,201	1,630,999	1,641,460
Livestock Purchases	1,687,919	1,785,899	1,450,517	1,157,969	1,085,023
Commercial Seed	917,820	973,248	1,075,999	1,129,628	1,157,812
Building and Fence Repairs	657,675	683,617	670,426	693,986	711,530
Electricity	610,367	645,094	680,937	692,628	714,847
Property Taxes	517,976	512,280	544,851	579,207	595,561
Crop and Hail Insurance	299,442	340,015	429,032	545,071	525,527
Business Insurance	517,802	536,252	571,589	616,061	658,546
A.I. Fees and Veterinary	572,908	613,125	641,157	654,435	672,064
Other*	2,943,677	3,143,924	3,131,559	3,470,076	3,526,179
Depreciation	4,330,416	4,455,851	4,520,971	4,551,180	4,491,786
Total Expenses	30,933,834	32,710,646	33,405,881	34,293,992	34,698,594

Source: Statistics Canada, Catalogue No. 21-012-XIE, Agriculture Economic Statistics, May 2005.

Note: Input expenses are net of government rebates.

*Includes: Stabilization premiums; heating fuel; twine, wire and containers; telephone; irrigation; custom work; and other expenses.

Methodology for Farm Financial Conditions

Table B.1: Farm Debt and Figure B.1: Lender Shares as a Percentage of Farm Debt

Farm debt and lender share information is from data published by the Agriculture Division of Statistics Canada in Catalogue No. 21-014-XIE, Agriculture Economic Statistics.

Table B.2: Farm Bankruptcies and Figure B.2: Distribution of Farm Bankruptcies

Bankruptcies are only one form of financial failure and the bankruptcy statistics represent a small part of the total number of farmers who leave agriculture because of financial difficulties.

Bankruptcy data are collected and reported monthly by the Office of the Superintendent of Bankruptcy.

Table B.3: Farm Credit Canada (FCC) Loans Receivable Portfolio and Figure B.3: Distribution of the Amount of FCC Loans Receivable

FCC information on total loans receivable and loans approved is from the FCC 2004-05 Annual Report. Information on the provincial distribution of total loans receivable is from FCC.

Table B.4: New Loans Registered Under the FIMCLA and Figure B.4: Distribution of the Amount of New Loans Registered under FIMCLA

Data on new loans registered under the Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA), the Agriculture and Agri-Food Canada Department Performance Reports for 1997-98 to 2002-03; and from FIMCLA Administration for 2003-04 and 2004-05. Data on the Distribution of the Amount of New Loans Registered Under FIMCLA, by Province, were provided by the FIMCLA Administration.

Table B.5: Average Assets, Liabilities, Net Worth and Net New Investment, by Farm Type

Per farm information on farm assets, farm debt, net worth, and net new investment is from the 2002, 2003 and 2004 Farm Financial Surveys. The Farm Financial Survey is conducted by Statistics Canada for Agriculture and Agri-Food Canada approximately every two years and collects data from a sample of farms with annual gross revenues over $10,000.

Net new investment is measured by gross capital investment less capital sales. Net operating income is defined as gross farm receipts less total cash expenses.

Figure B.5: FCC Mortgage Rate and Prime Interest Rate

The prime interest rate in Canada is reported in the Bank of Canada Review (or at www.bank-banque-canada.ca). The FCC five-year fixed mortgage rate (option plus 10) is reported by Farm Credit Canada.

Tables B.6 and B.7: Selected Average Fertilizer and Fuel Prices

The information on fertilizer prices is provided for Manitoba and Ontario along with comparisons to adjacent U.S. states, by private consultants on contract to Agriculture and Agri-Food Canada.

Table B.8: Agricultural Inputs

Input expenses are reported net of government rebates. The rebates reduce some farm input costs. Inter-farm purchases are excluded.

For a detailed description of methodology, please refer to Agriculture Economic Statistics, Statistics Canada, Catalogue No. 21-012-XIE.

SECTION C

Government Expenditures in Support of the Agri-Food Sector

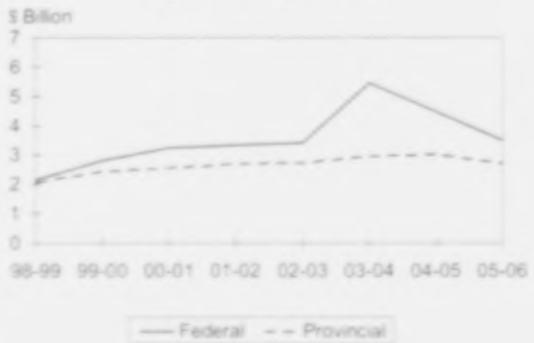
SUMMARY

• Government expenditures consist of all charges related to the agri-food sector that enter into the calculation of the annual deficit or surplus of federal and provincial governments. They include operating and capital costs, as well as payments or contributions under government programs.

• Federal and provincial expenditures for 2003-04 and previous years are the actual data taken from public accounts. Federal and provincial expenditures for 2004-05 are forecasts and, in the case of federal expenditures, include Supplementary Estimates A and B. Federal and provincial expenditures for 2005-06 are budget estimates.

• The highlights section below refers to net government expenditures, that is, after the deduction of recoveries, unless otherwise specified.

Agri-Food Expenditures



Federal Expenditure Estimates for 2004-05

• In 2004-05, federal expenditures are expected to reach $4.5 billion, which is much higher than the average for the five-year period from 1999-00 to 2003-04. However, this is down 17.8% from the near-record level of expenditures in 2003-04, brought on by exceptional economic conditions. The decrease is due to reduced program expenditures, mainly those related to the "income support and income stabilization" category. Overall program expenditures are expected to reach $3.15 billion, which is higher than the average for the five-year period from 1999-00 to 2003-04.

• Program payment expenditures represent 51.9% of federal support to the agri-food sector in 2004-05. Support for research and inspection is 21.4% while regional development, marketing and trade, and environment together account for 8.7% of federal support.

Provincial Expenditure Estimates for 2004-05

• Expenditures for all provincial governments are expected to reach $3 billion in 2004-05, a 1.7% increase. Most provinces should show an increase in their expenditures. However, a decline is expected in Saskatchewan, Ontario and Newfoundland and Labrador.

• In Newfoundland and Labrador, total expenditures are expected to fall by 25.5% compared with last year, to $10.6 million. This decrease is primarily due to reduced program expenditures, particularly in the "financing assistance" category.

• In Prince Edward Island, total expenditures should increase by 17.4% to reach $40.5 million. This rise is explained primarily by increases in operating expenditures and program expenditures, particularly those related to the "income support and income stabilization" category.

• In Nova Scotia, total expenditures are expected to increase by 15% to reach $49.4 million. This increase is primarily due to increased program expenditures related to "ad hoc and cost reduction," "food inspection" and "marketing and trade" categories.

• In New Brunswick, total expenditures should increase by 37.5% to reach $31.9 million. This rise is primarily the result of increased expenditures related to the "income support and income stabilization" category.

• In Quebec, total expenditures are estimated at $708 million, which is similar to last year's expenditure level. It should be noted that only overall program expenditures show a slight drop as compared with last year. Operating expenditures and tax expenditures increased most substantially, whereas expenditures related to "ad hoc and cost reduction" and "research" showed the sharpest declines.

• In Ontario, total expenditures are estimated at $354.5 million, a 22.1% drop from the previous year. It should be noted that only program expenditures show a decrease, especially those related to "income support and income

stabilization," "ad hoc and cost reduction," "food inspection", and "rural and regional development" and "environment" categories.

• In Manitoba, total expenditures are expected to remain at $197 million, the same level as last year. In the program expenditures categories, the most significant decreases are related to "production insurance" and "rural and regional development". Higher expenditures in "food inspection" and "marketing and trade" categories account for the most substantial increases.

• In Saskatchewan, total expenditures are estimated at $388.8 million, a 9.9% drop compared with last year. A decline is observed in all major expenditure items: operating, capital, program and tax expenditures. The most significant decreases in program expenditures are related to "ad hoc and cost reduction," "production insurance" and "financing assistance" categories.

• In Alberta, total gross expenditures are estimated at $1.2 billion, slightly down from last year. However, total net provincial expenditures show a 16.3% increase for the same period; this rise is the result of the significantly lower level of recoveries. It should be noted that recoveries were exceptionally high in 2003-04.

• In British Columbia, total expenditures are expected to reach $87.3 million, a 15.1% increase compared with last year. This rise is primarily due to an increase in program expenditures related to "ad hoc and cost reduction," "research" and "food inspection" categories.

Federal and Provincial Estimates for 2005-06

• According to budget estimates, total federal expenditures for 2005-06 are estimated at $3.5 billion, while total provincial expenditures are estimated at $2.7 billion. Federal and provincial government expenditures are therefore expected to decline in 2005-06 as compared with past years. Overall, they should remain at about the average for the five-year period from 1999-00 to 2003-04. A return to normal levels of federal and provincial expenditures is therefore anticipated, after two years characterized by exceptional levels of support to address the financial difficulties faced by producers affected by the Bovine Spongiform Encephalopathy (BSE) crisis or unfavorable production conditions for farm crops.

• It should be noted that the results for 2005-06 are based on preliminary information. The federal and provincial expenditure picture may change when the actual data become available.

Table C.1: Federal and Provincial Government Expenditures in Support of the Agri-Food Sector, Canada and Provinces, 1998-99 to 2005-06

Allocated		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
		($ 000)							
Nfld.	Federal	6,573	8,424	4,561	7,693	8,239	6,941	8,819	5,373
	Provincial	10,425	9,626	10,247	9,351	10,532	14,229	10,607	15,000
	% Fed.	38.7	46.7	30.8	45.1	43.9	32.8	45.4	26.4
P.E.I.	Federal	26,534	26,941	33,480	39,538	45,996	40,360	46,836	24,545
	Provincial	18,202	23,556	36,396	29,558	29,804	34,463	40,456	31,341
	% Fed.	59.3	53.4	47.9	57.2	60.7	53.9	53.7	43.9
N.S.	Federal	23,908	24,905	22,049	35,613	31,159	41,360	32,660	22,806
	Provincial	38,922	39,247	39,774	44,789	40,672	42,934	49,380	42,759
	% Fed.	38.1	38.8	35.7	44.3	43.4	49.1	39.8	34.8
N.B.	Federal	27,537	24,655	24,964	40,724	30,608	48,187	45,531	25,260
	Provincial	21,597	32,316	24,109	20,814	22,722	23,201	31,905	30,711
	% Fed.	56.0	43.3	50.9	66.2	57.4	67.5	58.8	45.1
Que.	Federal	265,036	392,172	448,436	346,784	330,421	591,420	545,526	376,069
	Provincial	539,308	527,309	732,815	591,705	670,114	704,003	707,981	739,390
	% Fed.	33.0	42.7	38.0	37.0	33.0	45.7	43.5	33.7
Ont.	Federal	355,969	421,156	457,696	581,353	588,096	847,129	713,878	553,215
	Provincial	324,654	363,029	451,528	372,421	424,849	455,240	354,524	334,484
	% Fed.	52.3	53.7	50.3	61.0	58.1	65.0	66.8	62.3
Man.	Federal	232,345	351,272	431,952	320,400	387,957	512,214	479,017	414,072
	Provincial	141,458	222,186	204,801	165,555	179,213	197,341	197,044	221,262
	% Fed.	62.2	61.3	67.8	65.9	68.4	72.2	70.9	65.2
Sask.	Federal	453,814	860,051	935,063	881,161	834,315	1,269,014	1,000,247	821,828
	Provincial	463,101	450,605	334,387	501,300	393,007	431,678	388,804	453,542
	% Fed.	49.5	65.6	73.7	63.7	68.0	74.6	72.0	64.4
Alta.	Federal	395,292	479,936	508,864	675,079	744,945	1,494,122	924,638	741,366
	Provincial	440,445	702,307	646,228	895,355	886,312	980,528	1,140,430	787,652
	% Fed.	47.3	40.6	44.1	43.0	45.7	60.4	44.8	48.5
B.C.	Federal	87,053	91,485	95,515	126,092	101,636	200,102	252,569	144,709
	Provincial	69,219	63,694	78,703	73,007	75,983	75,855	87,295	49,668
	% Fed.	55.7	59.0	54.8	63.3	57.2	72.5	74.3	74.4
Others	Federal	288,243	142,319	284,334	270,146	320,697	392,503	425,294	378,241
	Provincial	-	-	-	-	-	-	-	-
	% Fed.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Canada	Federal	2,162,305	2,823,315	3,246,914	3,324,582	3,424,068	5,443,353	4,475,015	3,507,484
	Provincial	2,067,332	2,433,874	2,558,987	2,703,856	2,733,208	2,959,473	3,008,426	2,705,811
	% Fed.	51.1	53.7	55.9	55.1	55.6	64.8	59.8	56.5

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Figure C.1: Federal and Provincial Government Expenditures for the Agri-Food Sector, Canada, 1998-99 to 2005-06

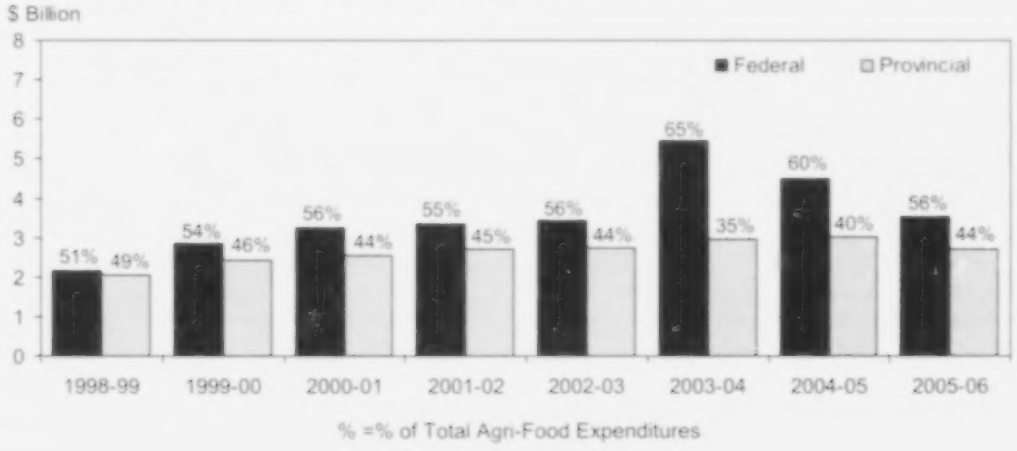
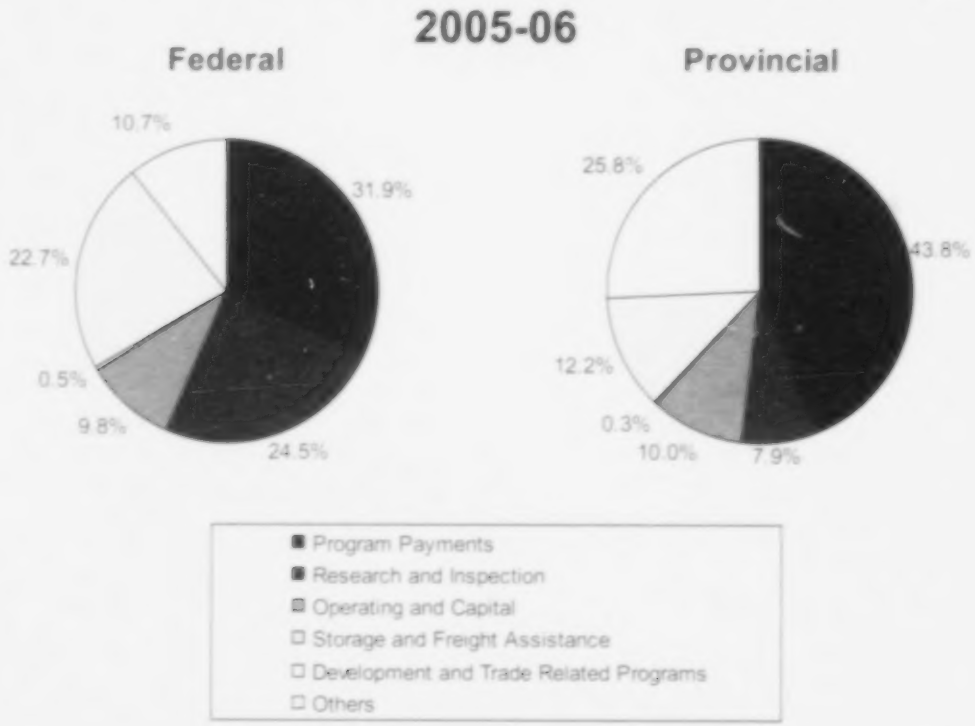


Figure C.2: Federal and Provincial Government Expenditures by Major Category



Program payments include income support and stabilization, ad hoc and cost reduction, production insurance and financing assistance programs.

Research and inspection include administration (e.g. salaries) and capital expenditures, and grants and contributions.

Operating and capital include general administration and management, policy, information and statistical services.

Storage and freight assistance include program payments for storage and freight.

Development and trade related programs include administration and capital expenditures, and grants and contributions for regional development, marketing and trade and environment.

Others include food aid and international assistance, extension, education, social program payments and tax expenditures.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2002-03 to 2005-06

	PROVINCIAL				FEDERAL			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
	($000)							
CANADA								
A. Operating Expenditures	612,653	688,146	696,113	675,371	1,162,289	1,246,174	1,313,461	1,210,480
B. Capital Expenditures	131,348	54,295	66,822	73,401	50,613	45,824	64,819	45,505
C. Program Expenditures	1,774,454	2,162,598	1,970,684	1,660,671	2,483,621	4,443,296	3,150,635	2,290,299
c.1 Income Support & Stabilization	1,026,175	718,484	711,722	753,124	1,504,210	2,895,519	812,332	463,684
c.2 Ad hoc and Cost Reduction	24,159	678,158	419,972	162,822	6,915	497,014	1,164,265	196,018
c.3 Production Insurance (1)	244,715	265,813	257,199	278,197	213,406	346,336	342,546	346,210
c.4 Financing Assistance	70,749	65,531	48,334	51,932	42,655	35,071	31,998	126,432
c.5 Storage and Freight	7,872	8,574	8,408	8,414	16,045	12,913	16,967	16,967
c.6 Social and Labour	17,028	15,792	16,291	24,432	5,364	2,794	545	864
c.7 Research	79,313	84,037	74,473	68,324	16,490	12,122	11,222	18,770
c.8 Food Inspection	54,770	48,358	46,978	36,310	10,273	19,682	82,757	42,180
c.9 Food Aid	-	142	-	-	318,178	390,982	424,014	377,005
c.10 Marketing and Trade	22,287	31,612	106,164	29,638	119,366	109,378	113,136	497,932
c.11 Rural and Regional Devt.	83,334	77,861	118,145	63,782	92,764	81,635	90,384	84,626
c.12 Environment	22,059	45,249	43,639	59,440	19,588	35,410	54,977	116,633
c.13 Education	98,761	102,296	99,224	101,896	113,000	522	25	56
c.14 Extension	23,233	20,692	20,136	22,360	5,367	3,917	5,468	2,921
D. Tax Expenditures	364,559	394,860	404,949	434,234	-	-	-	-
Sub-Total Gross Expenditures	2,883,014	3,299,899	3,138,568	2,843,677	3,696,523	5,735,294	4,528,915	3,546,284
Recoveries	(149,807)	(340,426)	(130,142)	(137,866)	(272,456)	(291,941)	(53,900)	(38,800)
Total Net Expenditures	2,733,208	2,959,473	3,008,426	2,705,811	3,424,068	5,443,353	4,475,015	3,507,484
NEWFOUNDLAND								
A. Operating Expenditures	6,302	6,679	6,194	6,965	2,714	3,035	3,356	3,129
B. Capital Expenditures	506	511	683	2,283	123	116	170	119
C. Program Expenditures	3,724	7,039	3,730	5,753	6,064	4,526	5,435	2,227
c.1 Income Support & Stabilization	438	646	115	209	747	2,687	4,084	665
c.2 Ad hoc and Cost Reduction	50	154	1,262	1,572	1	186	479	37
c.3 Production Insurance (1)	62	52	33	36	137	86	70	71
c.4 Financing Assistance	2,155	4,500	-	-	131	0	(0)	0
c.5 Storage and Freight	-	-	250	250	-	-	-	-
c.6 Social and Labour	-	-	-	-	2,827	398	1	2
c.7 Research	-	317	518	1,238	7	7	5	31
c.8 Food Inspection	-	-	-	-	9	25	14	99
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	205	330	411	699	34	76	56	81
c.11 Rural and Regional Devt.	-	-	-	-	2,146	1,037	652	963
c.12 Environment	-	206	337	805	6	15	31	270
c.13 Education	543	620	680	820	-	-	-	-
c.14 Extension	270	213	123	123	20	9	43	7
D. Tax Expenditures	-	-	-	-	-	-	-	-
Sub-Total Gross Expenditures	10,532	14,229	10,607	15,000	8,901	7,677	8,961	5,475
Recoveries	-	-	-	-	(662)	(736)	(141)	(102)
Total Net Expenditures	10,532	14,229	10,607	15,000	8,239	6,941	8,819	5,373

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

(1) Since April 1, 2003, the Crop Insurance program has been replaced by the Production Insurance program.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2002-03 to 2005-06 (cont'd)

	PROVINCIAL				FEDERAL			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
	($000)							
PRINCE EDWARD ISLAND								
A. Operating Expenditures	10,321	9,903	12,690	11,127	10,870	12,266	13,301	12,386
B. Capital Expenditures	35	1,500	-	-	490	460	669	469
C. Program Expenditures	17,480	22,378	27,240	20,212	37,272	30,565	33,422	12,090
c.1 Income Support & Stabilization	5,803	4,087	11,835	8,109	12,459	19,150	17,801	3,036
c.2 Ad hoc and Cost Reduction	1,087	4,561	518	519	2	3,060	8,624	476
c.3 Production Insurance (1)	1,668	1,399	2,311	2,279	1,677	2,177	2,751	2,780
c.4 Financing Assistance	1,051	2,428	3,200	-	534	564	432	1,820
c.5 Storage and Freight	9	13	12	11	-	-	-	-
c.6 Social and Labour	-	-	-	-	10	9	6	9
c.7 Research	2,271	2,406	2,218	2,298	24	225	153	223
c.8 Food Inspection	153	528	422	368	46	1,057	951	661
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	388	1,199	776	733	181	315	396	346
c.11 Rural and Regional Devt.	141	145	85	-	4,193	2,606	762	871
c.12 Environment	1,512	1,932	1,226	1,772	35	1,363	1,491	1,843
c.13 Education	3,207	3,461	3,243	3,304	18,030	-	-	-
c.14 Extension	189	219	1,394	820	81	38	56	26
D. Tax Expenditures	1,968	1,968	1,968	1,968	-	-	-	-
Sub-Total Gross Expenditures	29,804	35,749	41,899	33,307	48,632	43,290	47,392	24,945
Recoveries	-	(1,286)	(1,443)	(1,966)	(2,636)	(2,930)	(556)	(400)
Total Net Expenditures	29,804	34,463	40,456	31,341	45,996	40,360	46,836	24,545
NOVA SCOTIA								
A. Operating Expenditures	10,560	9,098	10,878	10,981	14,009	15,683	16,540	15,396
B. Capital Expenditures	521	543	503	545	635	579	846	594
C. Program Expenditures	28,080	31,690	36,495	29,694	19,934	28,790	15,977	7,322
c.1 Income Support & Stabilization	7,126	8,231	3,915	4,021	12,254	20,148	5,194	1,727
c.2 Ad hoc and Cost Reduction	13	355	7,373	235	22	1,619	6,625	537
c.3 Production Insurance (1)	186	216	178	215	210	388	285	288
c.4 Financing Assistance	617	401	884	600	326	63	251	915
c.5 Storage and Freight	138	143	89	97	-	-	-	-
c.6 Social and Labour	-	-	-	-	13	12	7	11
c.7 Research	1,000	1,000	1,011	1,000	1,571	987	25	153
c.8 Food Inspection	1,849	3,207	4,347	3,467	45	127	88	499
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	1,910	2,121	3,277	2,660	615	1,160	2,220	406
c.11 Rural and Regional Devt.	-	-	-	-	4,574	4,140	985	1,346
c.12 Environment	3,347	3,312	2,622	3,043	113	49	148	1,344
c.13 Education	9,568	10,443	10,524	12,130	-	-	-	-
c.14 Extension	2,327	2,262	2,273	2,226	190	97	149	98
D. Tax Expenditures	1,511	1,603	1,504	1,540	-	-	-	-
Sub-Total Gross Expenditures	40,672	42,934	49,380	42,759	34,578	45,052	33,363	23,313
Recoveries	-	-	-	-	(3,420)	(3,692)	(703)	(506)
Total Net Expenditures	40,672	42,934	49,380	42,759	31,159	41,360	32,660	22,806

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

(1) Since April 1, 2003, the Crop Insurance program has been replaced by the Production Insurance program.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2002-03 to 2005-06 (cont'd)

	PROVINCIAL				FEDERAL			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
	($000)							
NEW BRUNSWICK								
A. Operating Expenditures	11,669	11,776	12,242	12,225	13,929	15,389	16,283	15,175
B. Capital Expenditures	638	496	519	670	629	588	822	577
C. Program Expenditures	9,401	9,408	17,715	16,331	19,435	35,954	29,110	10,000
c.1 Income Support & Stabilization	2,314	3,580	11,764	11,020	12,304	24,232	18,674	2,409
c.2 Ad hoc and Cost Reduction	111	731	647	-	3	1,839	6,275	559
c.3 Production Insurance (1)	748	547	526	669	755	843	839	848
c.4 Financing Assistance	-	-	-	-	383	529	156	1,426
c.5 Storage and Freight	-	330	-	-	-	-	-	-
c.6 Social and Labour	112	170	599	591	208	40	7	11
c.7 Research	1,973	254	530	315	32	1,303	1,253	1,105
c.8 Food Inspection	226	224	165	392	73	158	68	489
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	-	-	-	-	197	391	330	408
c.11 Rural and Regional Devt.	98	453	209	172	5,303	5,428	841	1,037
c.12 Environment	1,196	579	1,353	980	38	1,143	583	1,674
c.13 Education	2,169	2,058	1,567	1,572	-	-	-	-
c.14 Extension	454	482	356	620	140	48	85	32
D. Tax Expenditures	1,465	1,597	1,461	1,497	-	-	-	-
Sub-Total Gross Expenditures	23,172	23,277	31,937	30,722	33,992	51,931	46,214	25,752
Recoveries	(450)	(76)	(31)	(11)	(3,384)	(3,744)	(684)	(492)
Total Net Expenditures	22,722	23,201	31,905	30,711	30,608	48,187	45,531	25,260
QUEBEC								
A. Operating Expenditures	193,763	199,669	210,669	212,599	181,678	198,843	215,660	200,285
B. Capital Expenditures	19,416	1,258	2,344	1,279	7,988	7,395	10,739	7,539
C. Program Expenditures	371,867	408,292	384,289	406,172	183,758	432,298	328,057	174,673
c.1 Income Support & Stabilization	219,121	221,772	237,569	260,505	115,146	248,078	97,335	44,862
c.2 Ad hoc and Cost Reduction	60	46,211	7,729	1	36	143,010	171,629	57,599
c.3 Production Insurance (1)	13,359	9,086	12,710	10,774	11,847	14,086	18,818	19,019
c.4 Financing Assistance	25,290	28,078	23,247	27,800	4,559	6,399	3,626	16,146
c.5 Storage and Freight	-	-	-	-	-	-	-	-
c.6 Social and Labour	841	510	510	350	676	501	90	143
c.7 Research	16,114	22,414	9,933	10,081	451	486	375	2,014
c.8 Food Inspection	34,793	19,763	17,358	17,500	2,001	2,919	1,062	6,453
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	13,505	11,827	12,682	18,277	3,030	4,486	5,566	5,096
c.11 Rural and Regional Devt.	5,348	4,000	10,113	3,076	8,459	11,064	12,417	5,831
c.12 Environment	8,941	14,449	22,812	26,442	1,294	662	16,275	17,062
c.13 Education	20,239	18,227	18,291	17,785	35,460	-	-	-
c.14 Extension	14,257	11,955	11,336	13,583	800	606	864	448
D. Tax Expenditures	85,069	94,783	110,680	119,340	-	-	-	-
Sub-Total Gross Expenditures	670,114	704,003	707,981	739,390	373,424	638,536	554,456	382,497
Recoveries	-	-	-	-	(43,003)	(47,116)	(8,930)	(6,428)
Total Net Expenditures	670,114	704,003	707,981	739,390	330,421	591,420	545,526	376,069

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

(1) Since April 1, 2003, the Crop Insurance program has been replaced by the Production Insurance program.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2002-03 to 2005-06 (cont'd)

	PROVINCIAL				FEDERAL			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
	($000)							
ONTARIO								
A. Operating Expenditures	118,088	113,636	145,302	118,692	272,574	300,134	322,874	298,119
B. Capital Expenditures	43,402	194	6,120	9,900	12,256	11,398	16,386	11,503
C. Program Expenditures	285,607	333,324	201,510	210,746	369,243	608,215	388,244	253,401
c.1 Income Support & Stabilization	169,901	142,706	85,000	74,100	263,096	485,944	101,547	103,636
c.2 Ad hoc and Cost Reduction	774	68,196	15,376	19,739	6,676	76,393	201,760	33,408
c.3 Production Insurance (1)	25,983	24,980	30,000	32,500	27,056	29,216	55,023	55,612
c.4 Financing Assistance	3,694	2,724	76	76	4,385	(4,603)	4,003	3,946
c.5 Storage and Freight	-	-	-	-	-	-	-	-
c.6 Social and Labour	8,305	1,247	2,099	2,099	833	1,002	138	218
c.7 Research	38,690	38,620	38,540	37,650	8,760	1,181	989	3,007
c.8 Food Inspection	10,885	18,808	9,520	9,500	3,461	2,777	5,668	9,800
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	1,829	10,640	1,869	1,869	3,444	5,342	6,582	8,046
c.11 Rural and Regional Devt.	17,071	8,173	5,523	9,056	11,636	8,671	10,677	9,050
c.12 Environment	125	8,913	4,492	14,892	1,468	1,007	314	26,043
c.13 Education	8,200	8,200	8,900	8,900	37,270	345	-	-
c.14 Extension	120	115	115	365	1,159	941	1,543	634
D. Tax Expenditures	23,380	23,275	23,471	23,445	-	-	-	-
Sub-Total Gross Expenditures	470,477	470,428	376,402	362,782	654,073	919,747	727,504	563,023
Recoveries	(45,628)	(15,188)	(21,877)	(28,298)	(65,977)	(72,618)	(13,625)	(9,808)
Total Net Expenditures	424,849	455,240	354,524	334,484	588,096	847,129	713,878	553,215
MANITOBA								
A. Operating Expenditures	42,368	43,797	45,657	65,981	120,798	134,396	146,123	133,585
B. Capital Expenditures	1,120	849	5,155	6,040	5,205	4,930	7,099	4,983
C. Program Expenditures	102,583	116,985	108,909	93,340	289,973	404,294	331,699	279,752
c.1 Income Support & Stabilization	43,853	53,993	52,596	52,501	202,643	282,733	117,796	65,437
c.2 Ad hoc and Cost Reduction	1,170	1,200	1,358	1,183	23	22,659	131,070	8,600
c.3 Production Insurance (1)	27,978	31,694	21,673	23,098	35,907	48,934	32,727	33,077
c.4 Financing Assistance	1,353	1,266	1,520	1,802	8,225	6,643	5,656	27,526
c.5 Storage and Freight	-	-	-	-	2,833	2,692	3,538	4,164
c.6 Social and Labour	399	364	365	368	105	100	60	95
c.7 Research	1,101	1,101	1,101	1,201	880	4,664	5,697	5,505
c.8 Food Inspection	1,978	2,347	5,031	2,589	717	1,374	649	4,162
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	700	1,000	5,613	2,000	18,975	19,604	19,003	106,731
c.11 Rural and Regional Devt.	16,296	15,496	11,172	(864)	13,520	9,040	10,124	12,636
c.12 Environment	674	1,075	1,357	1,657	5,639	5,411	4,846	11,569
c.13 Education	7,040	7,405	7,081	7,806	-	33	-	-
c.14 Extension	43	43	44	-	505	407	534	249
D. Tax Expenditures	36,678	38,268	40,279	58,408	-	-	-	-
Sub-Total Gross Expenditures	182,749	199,898	200,000	223,770	415,976	543,620	484,920	418,321
Recoveries	(3,537)	(2,558)	(2,956)	(2,507)	(28,020)	(31,407)	(5,903)	(4,249)
Total Net Expenditures	179,213	197,341	197,044	221,262	387,957	512,214	479,017	414,072

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

(1) Since April 1, 2003, the Crop Insurance program has been replaced by the Production Insurance program.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2002-03 to 2005-06 (cont'd)

	PROVINCIAL				FEDERAL			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
	($000)							
SASKATCHEWAN								
A. Operating Expenditures	45,555	47,159	42,699	46,093	207,176	209,327	212,882	193,800
B. Capital Expenditures	1,590	3,571	10	225	8,417	7,265	9,986	7,010
C. Program Expenditures	287,606	311,341	284,222	343,094	664,033	1,098,708	785,682	626,996
c.1 Income Support & Stabilization	106,298	98,776	101,526	199,976	462,941	813,840	284,090	152,397
c.2 Ad hoc and Cost Reduction	-	46,304	39,957	555	50	40,098	286,347	20,055
c.3 Production Insurance (1)	98,462	89,645	80,224	77,955	64,445	136,393	115,277	116,510
c.4 Financing Assistance	23,887	15,916	11,365	13,548	16,492	17,356	12,206	49,987
c.5 Storage and Freight	7,725	8,089	8,057	8,056	8,556	6,718	8,828	7,872
c.6 Social and Labour	64	1,368	74	74	169	148	84	133
c.7 Research	15,944	15,223	12,725	12,416	2,248	2,277	2,086	3,484
c.8 Food Inspection	4,466	3,411	2,386	2,444	1,551	2,643	1,239	6,531
c.9 Food Aid	-	142	-	-	-	-	-	-
c.10 Marketing and Trade	140	418	245	298	54,895	46,660	39,139	221,510
c.11 Rural and Regional Devt.	23,156	27,687	27,174	27,175	24,739	24,171	28,347	31,988
c.12 Environment	6,206	3,547	-	-	4,920	7,742	7,230	15,879
c.13 Education	85	63	-	-	22,240	55	25	56
c.14 Extension	1,173	752	490	596	787	608	785	595
D. Tax Expenditures	104,700	116,400	107,520	110,424	-	-	-	-
Sub-Total Gross Expenditures	439,451	478,471	434,451	499,836	879,627	1,315,301	1,008,551	827,806
Recoveries	(46,444)	(46,793)	(45,647)	(46,294)	(45,312)	(46,288)	(8,304)	(5,978)
Total Net Expenditures	393,007	431,678	388,804	453,542	834,315	1,269,014	1,000,247	821,828
ALBERTA								
A. Operating Expenditures	145,862	214,363	186,051	167,677	264,995	274,731	277,634	255,976
B. Capital Expenditures	62,577	44,601	50,547	51,070	11,507	9,922	13,534	9,501
C. Program Expenditures	628,826	886,063	850,859	517,028	530,388	1,272,684	644,725	483,990
c.1 Income Support & Stabilization	458,013	161,118	184,076	130,469	396,336	890,568	138,782	73,083
c.2 Ad hoc and Cost Reduction	3,577	503,914	335,147	139,017	89	197,871	313,845	68,787
c.3 Production Insurance (1)	69,715	103,812	104,221	125,271	63,476	106,470	109,389	110,559
c.4 Financing Assistance	12,701	10,217	8,042	8,106	6,673	7,832	5,349	23,055
c.5 Storage and Freight	-	-	-	-	4,544	3,393	4,458	4,739
c.6 Social and Labour	7,024	12,133	12,350	20,950	349	207	114	180
c.7 Research	1,658	1,980	676	1,487	786	592	513	2,437
c.8 Food Inspection	-	-	-	-	1,930	5,392	1,670	8,253
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	2,985	3,622	80,189	3,103	35,219	28,863	30,249	144,788
c.11 Rural and Regional Devt.	21,225	21,906	63,870	25,168	14,352	13,246	21,782	17,058
c.12 Environment	-	11,235	9,441	9,849	5,272	17,329	17,507	30,397
c.13 Education	47,710	51,818	48,937	49,579	-	70	-	-
c.14 Extension	4,218	4,307	3,910	4,029	1,361	851	1,067	652
D. Tax Expenditures	102,795	110,028	111,161	110,667	-	-	-	-
Sub-Total Gross Expenditures	940,060	1,255,054	1,198,618	846,442	806,891	1,557,337	935,892	749,467
Recoveries	(53,748)	(274,526)	(58,188)	(58,790)	(61,946)	(63,215)	(11,254)	(8,101)
Total Net Expenditures	886,312	980,528	1,140,430	787,652	744,945	1,494,122	924,638	741,366

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

(1) Since April 1, 2003, the Crop Insurance program has been replaced by the Production Insurance program.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2002-03 to 2005-06 (cont'd)

	PROVINCIAL				FEDERAL			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
	($000)							
BRITISH COLUMBIA								
A. Operating Expenditures	28,166	32,068	23,732	23,031	73,546	82,369	88,808	82,630
B. Capital Expenditures	1,543	772	943	1,389	3,362	3,170	4,570	3,208
C. Program Expenditures	39,280	36,078	55,715	18,303	42,824	134,759	162,990	61,607
c.1 Income Support & Stabilization	13,308	23,575	23,327	12,214	25,990	107,500	27,019	16,432
c.2 Ad hoc and Cost Reduction	17,317	6,531	10,605	-	15	10,279	36,960	5,958
c.3 Production Insurance (1)	6,554	4,381	5,322	5,400	7,897	7,743	7,368	7,446
c.4 Financing Assistance	-	-	-	-	946	288	318	1,610
c.5 Storage and Freight	-	-	-	-	111	110	144	193
c.6 Social and Labour	253	0	295	-	68	378	38	61
c.7 Research	562	721	7,221	639	1,388	178	126	811
c.8 Food Inspection	420	72	7,749	50	441	3,210	71,350	5,234
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	626	454	1,101	-	2,776	2,480	9,594	10,521
c.11 Rural and Regional Devt.	-	-	-	-	2,528	2,022	3,181	2,610
c.12 Environment	58	-	-	-	340	289	6,550	10,551
c.13 Education	-	-	-	-	-	20	-	-
c.14 Extension	181	345	96	-	324	262	342	180
D. Tax Expenditures	6,994	6,937	6,905	6,945	-	-	-	-
Sub-Total Gross Expenditures	75,983	75,855	87,295	49,668	119,733	220,298	256,369	147,445
Recoveries	-	-	-	-	(18,097)	(20,196)	(3,800)	(2,735)
Total Net Expenditures	75,983	75,855	87,295	49,668	101,636	200,102	252,569	144,709

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

(1) Since April 1, 2003, the Crop Insurance program has been replaced by the Production Insurance program.

Table C.3: Research and Inspection in Support of the Agri-Food Sector, Canada and Provinces, 2002-03 to 2005-06

	PROVINCIAL				FEDERAL			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
	($000)							
CANADA								
Research Expenditures								
- Operating	44,754	45,437	32,475	26,702	282,136	315,494	303,738	295,228
- Capital	1,949	3,288	9,131	12,116	32,524	14,846	10,202	14,751
- Program	79,313	84,037	74 473	68,324	16,490	12,122	11,222	18,770
Total Research	126,016	132,762	116,079	107,142	331,150	342,462	325,162	328,749
Inspection Expenditures								
- Operating	58,079	64,822	76,597	80,278	493,332	487,067	534,634	481,376
- Capital	2,264	423	1,044	293	6,254	6,606	28,319	14,874
- Program	54,770	48,358	46,978	36,310	10,273	19,682	82,757	42,180
Total Inspection	115,112	113,603	124,618	116,880	509,859	513,355	645,710	538,430
NEWFOUNDLAND								
Research Expenditures								
- Operating	-	-	-	-	686	795	797	775
- Capital	22	6	7	8	79	37	27	39
- Program	-	317	518	1,238	7	7	5	31
Total Research	22	323	526	1,247	772	840	828	844
Inspection Expenditures								
- Operating	932	752	1,049	1,056	1,126	1,156	1,345	1,249
- Capital	44	4	8	-	15	17	74	39
- Program	-	-	-	-	9	25	14	99
Total Inspection	976	756	1,056	1,056	1,149	1,198	1,433	1,387
PRINCE EDWARD ISLAND								
Research Expenditures								
- Operating	386	366	306	328	2,729	3,166	3,134	3,046
- Capital	-	1,500	-	-	315	149	105	152
- Program	2,271	2,406	2,218	2,298	24	225	153	223
Total Research	2,657	4,273	2,524	2,626	3,068	3,541	3,392	3,421
Inspection Expenditures								
- Operating	3,391	2,813	2,973	2,750	4,521	4,641	5,317	4,917
- Capital	-	-	-	-	61	66	292	153
- Program	153	528	422	368	46	1,057	951	661
Total Inspection	3,545	3,340	3,395	3,118	4,627	5,764	6,560	5,731

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.3: Research and Inspection in Support of the Agri-Food Sector, Canada and Provinces, 2002-03 to 2005-06 (cont'd)

	PROVINCIAL				FEDERAL			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
	($000)							
NOVA SCOTIA								
Research Expenditures								
- Operating	-	-	-	-	3,541	3,990	3,964	3,853
- Capital	-	-	-	-	408	188	133	193
- Program	1,000	1,000	1,011	1,000	1,571	987	25	153
Total Research	1,000	1,000	1,011	1,000	5,521	5,164	4,122	4,198
Inspection Expenditures								
- Operating	1,163	1,211	1,264	1,323	5,827	5,818	6,706	6,215
- Capital	-	-	-	-	78	84	370	194
- Program	1,849	3,207	4,347	3,467	45	127	88	499
Total Inspection	3,011	4,418	5,611	4,790	5,951	6,029	7,164	6,907
NEW BRUNSWICK								
Research Expenditures								
- Operating	638	621	734	585	3,505	4,046	3,852	3,744
- Capital	-	-	4	3	404	190	129	187
- Program	1,973	254	530	315	32	1,303	1,253	1,105
Total Research	2,611	875	1,268	902	3,941	5,539	5,235	5,037
Inspection Expenditures								
- Operating	2,408	2,310	2,588	2,514	5,773	5,900	6,515	6,039
- Capital	83	88	60	93	78	85	359	189
- Program	226	224	165	392	73	158	68	489
Total Inspection	2,717	2,622	2,813	2,998	5,923	6,143	6,942	6,717
QUEBEC								
Research Expenditures								
- Operating	6,835	6,092	7,191	7,296	44,531	50,917	50,321	48,911
- Capital	321	-	-	-	5,133	2,396	1,690	2,444
- Program	16,114	22,414	9,933	10,081	451	486	375	2,014
Total Research	23,270	28,506	17,123	17,377	50,116	53,799	52,386	53,369
Inspection Expenditures								
- Operating	26,992	28,132	27,821	25,022	74,740	75,696	86,341	79,196
- Capital	1,827	-	667	-	987	1,066	4,692	2,464
- Program	34,793	19,763	17,358	17,500	2,001	2,919	1,062	6,453
Total Inspection	63,612	47,895	45,846	42,522	77,728	79,681	92,095	88,113

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.3: Research and Inspection in Support of the Agri-Food Sector, Canada and Provinces, 2002-03 to 2005-06 (cont'd)

	PROVINCIAL				FEDERAL			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
	($000)							
ONTARIO								
Research Expenditures								
- Operating	-	-	-	-	68,321	78,477	76,782	74,631
- Capital	-	194	6,120	9,900	7,876	3,693	2,579	3,729
- Program	38,690	38,620	38,540	37,650	8,760	1,181	989	3,007
Total Research	38,690	38,814	44,660	47,550	84,957	83,350	80,350	81,366
Inspection Expenditures								
- Operating	-	-	-	-	116,698	118,740	133,339	121,237
- Capital	-	-	-	-	1,514	1,643	7,159	3,760
- Program	10,885	18,808	9,520	9,500	3,461	2,777	5,668	9,800
Total Inspection	10,885	18,808	9,520	9,500	121,673	123,159	146,166	134,797
MANITOBA								
Research Expenditures								
- Operating	-	-	-	-	29,015	33,940	33,263	32,331
- Capital	-	-	-	-	3,345	1,597	1,117	1,615
- Program	1,101	1,101	1,101	1,201	880	4,664	5,697	5,505
Total Research	1,101	1,101	1,101	1,201	33,240	40,201	40,078	39,452
Inspection Expenditures								
- Operating	3,001	3,117	3,154	6,096	52,580	54,494	60,234	53,136
- Capital	300	300	300	200	643	711	3,101	1,629
- Program	1,978	2,347	5,031	2,589	717	1,374	649	4,162
Total Inspection	5,279	5,764	8,485	8,885	53,940	56,579	63,984	58,927
SASKATCHEWAN								
Research Expenditures								
- Operating	892	1,129	1,195	1,161	46,921	50,022	46,794	45,483
- Capital	5	2	-	-	5,409	2,354	1,572	2,273
- Program	15,944	15,223	12,725	12,416	2,248	2,277	2,086	3,484
Total Research	16,841	16,355	13,920	13,577	54,579	54,653	50,451	51,239
Inspection Expenditures								
- Operating	1,583	3,381	2,887	3,387	88,870	83,307	86,720	75,243
- Capital	9	8	-	-	1,040	1,047	4,363	2,291
- Program	4,466	3,411	2,386	2,444	1,551	2,643	1,239	6,531
Total Inspection	6,058	6,799	5,273	5,831	91,461	86,997	92,322	84,065

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.3: Research and Inspection in Support of the Agri-Food Sector, Canada and Provinces, 2002-03 to 2005-06 (cont'd)

	PROVINCIAL				FEDERAL			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
	($000)							
ALBERTA								
Research Expenditures								
- Operating	35,509	36,814	22,635	16,891	64,147	68,315	63,417	61,641
- Capital	1,408	1,295	2,709	1,946	7,395	3,215	2,130	3,080
- Program	1,658	1,980	676	1,487	786	592	513	2,437
Total Research	38,575	40,089	26,020	20,324	72,328	72,122	66,060	67,157
Inspection Expenditures								
- Operating	14,252	17,794	32,308	35,235	112,299	105,472	111,900	100,574
- Capital	-	23	9	-	1,422	1,430	5,913	3,106
- Program	-	-	-	-	1,930	5,392	1,670	8,253
Total Inspection	14,252	17,817	32,317	35,235	115,651	112,295	119,482	111,933
BRITISH COLUMBIA								
Research Expenditures								
- Operating	494	415	415	441	18,740	21,825	21,414	20,814
- Capital	193	292	292	259	2,160	1,027	719	1,040
- Program	562	721	7,221	639	1,388	178	126	811
Total Research	1,249	1,427	7,927	1,338	22,289	23,031	22,259	22,665
Inspection Expenditures								
- Operating	4,357	5,312	2,554	2,895	30,898	31,843	36,216	33,571
- Capital	-	-	-	-	415	457	1,997	1,049
- Program	420	72	7,749	50	441	3,210	71,350	5,234
Total Inspection	4,778	5,384	10,303	2,945	31,755	35,510	109,562	39,853

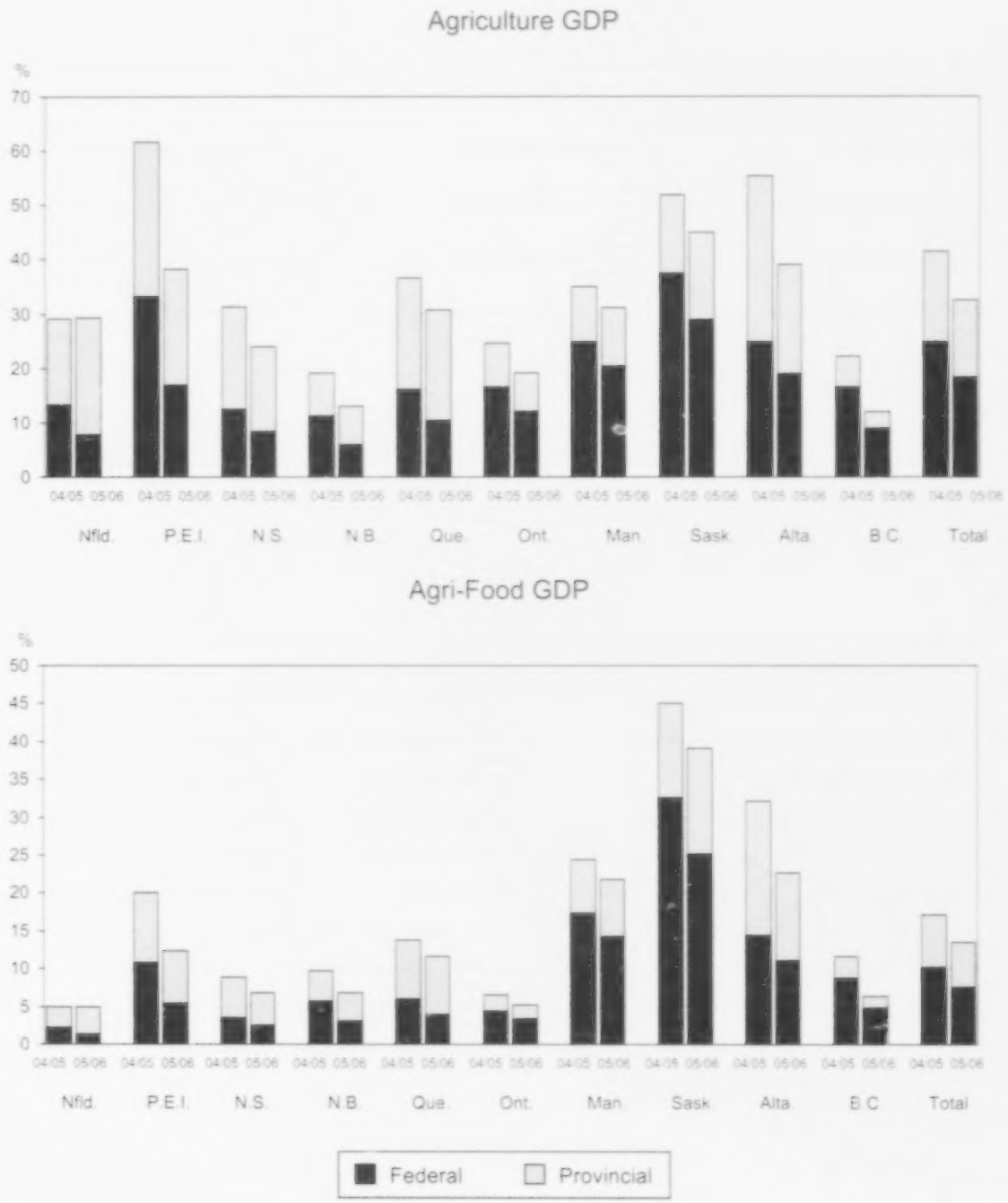
Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.4: Government Expenditures to the Agri-Food Sector as a Percentage of Agriculture and Agri-Food GDPs, Canada and Provinces, 2002-03 to 2005-06

	Agriculture				Agri-Food			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
NEWFOUNDLAND								
Provincial GDP ($ million)	62.3	61.8	66.5	69.4	358.6	362.6	396.8	414.2
Federal (%)	13.2	11.2	13.3	7.7	2.3	1.9	2.2	1.3
Provincial (%)	16.9	23.0	15.9	21.6	2.9	3.9	2.7	3.6
PRINCE EDWARD ISLAND								
Provincial GDP ($ million)	136.6	134.7	141.4	146.0	411.1	405.9	434.2	450.4
Federal (%)	33.7	30.0	33.1	16.8	11.2	9.9	10.8	5.4
Provincial (%)	21.8	25.6	28.6	21.5	7.3	8.5	9.3	7.0
NOVA SCOTIA								
Provincial GDP ($ million)	239.8	249.5	260.9	273.1	846.0	874.0	922.5	962.1
Federal (%)	13.0	16.6	12.5	8.4	3.7	4.7	3.5	2.4
Provincial (%)	17.0	17.2	18.9	15.7	4.8	4.9	5.4	4.4
NEW BRUNSWICK								
Provincial GDP ($ million)	392.2	392.6	405.7	424.6	748.2	757.8	792.5	827.7
Federal (%)	7.8	12.3	11.2	5.9	4.1	6.4	5.7	3.1
Provincial (%)	5.8	5.9	7.9	7.2	3.0	3.1	4.0	3.7
QUEBEC								
Provincial GDP ($ million)	2,900.5	3,178.5	3,419.9	3,623.9	8,106.4	8,449.9	9,072.9	9,534.4
Federal (%)	11.4	18.6	16.0	10.4	4.1	7.0	6.0	3.9
Provincial (%)	23.1	22.1	20.7	20.4	8.3	8.3	7.8	7.8
ONTARIO								
Provincial GDP ($ million)	4,046.7	4,161.7	4,336.9	4,621.3	15,236.7	15,371.8	16,104.6	17,016.9
Federal (%)	14.5	20.4	16.5	12.0	3.9	5.5	4.4	3.3
Provincial (%)	10.5	10.9	8.2	7.2	2.8	3.0	2.2	2.0
MANITOBA								
Provincial GDP ($ million)	1,690.8	1,894.8	1,924.7	2,038.7	2,477.4	2,692.3	2,770.0	2,922.1
Federal (%)	22.9	27.0	24.9	20.3	15.7	19.0	17.3	14.2
Provincial (%)	10.6	10.4	10.2	10.9	7.2	7.3	7.1	7.6
SASKATCHEWAN								
Provincial GDP ($ million)	1,873.0	2,461.6	2,676.2	2,840.5	2,242.7	2,833.5	3,079.9	3,261.1
Federal (%)	44.5	51.6	37.4	28.9	37.2	44.8	32.5	25.2
Provincial (%)	21.0	17.5	14.5	16.0	17.5	15.2	12.6	13.9
ALBERTA								
Provincial GDP ($ million)	2,703.0	3,469.9	3,734.1	3,915.9	4,954.0	5,891.1	6,433.6	6,714.4
Federal (%)	27.6	43.1	24.8	18.9	15.0	25.4	14.4	11.0
Provincial (%)	32.8	28.3	30.5	20.1	17.9	16.6	17.7	11.7
BRITISH COLUMBIA								
Provincial GDP ($ million)	1,376.1	1,473.9	1,528.1	1,599.5	2,635.4	2,757.5	2,902.3	3,037.0
Federal (%)	7.4	13.6	16.5	9.0	3.9	7.3	8.7	4.8
Provincial (%)	5.5	5.1	5.7	3.1	2.9	2.8	3.0	1.6
CANADA								
Federal GDP ($ million)	15,211.8	17,108.3	18,011.8	19,084.7	38,836.5	41,158.9	43,730.3	46,018.4
Federal (%)	22.5	31.8	24.8	18.4	8.8	13.2	10.2	7.6
Provincial (%)	18.0	17.3	16.7	14.2	7.0	7.2	6.9	5.9

Sources: Agriculture and Agri-Food Canada, Strategic Policy Branch and Conference Board of Canada for GDP data.

Figure C.3: Government Expenditures to the Agri-Food Sector as a Percentage of Agriculture and Agri-Food GDPs



Sources: Agriculture and Agri-Food Canada, Strategic Policy Branch and Conference Board of Canada for GDP data.

Table C.5: Total GDP and Total Government Expenditures, Canada and Provinces, 2002-03 to 2005-06

	Total GDP				Total Expenditures			
	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates	2002-03	2003-04	2004-05 Forecast	2005-06 Estimates
NEWFOUNDLAND								
Total Provincial ($ million)	15,571	16,726	17,679	18,172	4,415	4,733	4,304	4,540
Agri-Food GDP as % of Total GDP	2.30	2.17	2.24	2.28				
Agri-Food Exp. as % of Total Exp.					0.24	0.30	0.25	0.33
PRINCE EDWARD ISLAND								
Total Provincial ($ million)	3,406	3,493	3,660	3,745	1,061	1,147	1,094	1,127
Agri-Food GDP as % of Total GDP	12.07	11.62	11.86	12.03				
Agri-Food Exp. as % of Total Exp.					2.81	3.01	3.70	2.78
NOVA SCOTIA								
Total Provincial ($ million)	25,131	26,262	27,352	28,130	4,905	4,783	5,262	5,521
Agri-Food GDP as % of Total GDP	3.37	3.33	3.37	3.42				
Agri-Food Exp. as % of Total Exp.					0.83	0.90	0.94	0.77
NEW BRUNSWICK								
Total Provincial ($ million)	19,486	20,351	21,163	21,788	5,371	5,583	5,727	6,105
Agri-Food GDP as % of Total GDP	3.84	3.72	3.74	3.80				
Agri-Food Exp. as % of Total Exp.					0.42	0.42	0.56	0.50
QUEBEC								
Total Provincial ($ million)	229,602	237,765	251,315	260,598	51,032	52,546	53,610	55,402
Agri-Food GDP as % of Total GDP	3.53	3.55	3.61	3.66				
Agri-Food Exp. as % of Total Exp.					1.31	1.34	1.32	1.33
ONTARIO								
Total Provincial ($ million)	450,166	458,632	480,936	501,151	68,774	73,883	80,130	83,483
Agri-Food GDP as % of Total GDP	3.38	3.35	3.35	3.40				
Agri-Food Exp. as % of Total Exp.					0.62	0.62	0.44	0.40
MANITOBA								
Total Provincial ($ million)	34,270	35,243	37,522	38,768	6,944	7,401	7,623	8,129
Agri-Food GDP as % of Total GDP	7.23	7.64	7.38	7.54				
Agri-Food Exp. as % of Total Exp.					2.58	2.67	2.58	2.72
SASKATCHEWAN								
Total Provincial ($ million)	33,426	35,160	38,362	39,689	8,129	7,747	7,071	7,152
Agri-Food GDP as % of Total GDP	6.71	8.06	8.03	8.22				
Agri-Food Exp. as % of Total Exp.					4.83	5.57	5.50	6.34
ALBERTA								
Total Provincial ($ million)	149,810	166,759	187,482	194,470	20,529	21,751	24,439	25,826
Agri-Food GDP as % of Total GDP	3.31	3.53	3.43	3.45				
Agri-Food Exp. as % of Total Exp.					4.32	4.51	4.67	3.05
BRITISH COLUMBIA								
Total Provincial ($ million)	128,717	134,456	144,452	149,361	24,991	25,104	26,043	26,836
Agri-Food GDP as % of Total GDP	2.05	2.05	2.01	2.03				
Agri-Food Exp. as % of Total Exp.					0.30	0.30	0.34	0.19
TOTAL - PROVINCIAL								
Total Provincial ($ million)	1,089,585	1,134,847	1,209,923	1,255,872	196,150	204,678	215,303	224,121
Agri-Food GDP as % of Total GDP	3.49	3.56	3.55	3.59				
Agri-Food Exp. as % of Total Exp.					1.39	1.45	1.40	1.21
CANADA - FEDERAL								
Total Federal ($ million)	1,094,742	1,140,526	1,216,186	1,262,407	183,263	189,464	183,290	185,863
Agri-Food GDP as % of Total GDP	3.55	3.61	3.60	3.65				
Agri-Food Exp. as % of Total Exp.					1.87	2.87	2.44	1.89

Sources: Public Accounts / Main Estimates and Conference Board of Canada for GDP data

Methodology for Government Expenditures

Definition of Government Expenditures in Support of the Agri-Food Sector

Government expenditures (GE) estimate how much governments spend on the agri-food sector (primary agriculture, agricultural input industries plus food and beverage processing, excluding expenses related to aquaculture and fish processing) in a given fiscal year. They consist of charges paid for purchased goods and rendered services and monies paid directly or indirectly to individuals, agencies or other entities in the agri-food sector as part of a transfer payment or existing program by the federal and provincial governments. They also take into account transfer of funds to Crown Corporations, between departments and to other levels of government. The various sources of information, supplemented by officers working in departments, are federal and provincial public accounts, estimates and/or expenditure plans, Statistics Canada and other internal reports that cover areas of agri-food programs both inside and outside provincial and federal agriculture ministries.

Accrual accounting: Since fiscal year 2001–02, federal and provincial governments have used full accrual accounting, which conforms with generally accepted accounting principles (GAAP), recognized worldwide as a universal set of standards to record and report financial transactions. It is also in accordance with the Canadian Institute of Chartered Accountants (CICA). For GEs, this change affects the capitalization of tangible assets. Capital expenditures will therefore reflect the amortization costs of tangible assets over their useful life.

Treatment of program deficits/surpluses: Program deficits, forgiveness of international food aid debts and/or debt reductions are shown as expenditures in the year in which they are recorded in the public accounts. Current program deficits or defaults not yet recognized by a transfer of funds from governments are excluded from the expenditure estimates. In cases where surpluses generated from government funded programs are returned to both levels of government upon the termination of a program, the refunds or recoveries for the program are accounted for in the year they are reported in official documents.

Treatment of Crown Corporations: Only transfers of funds by governments to Crown Corporations are included in the expenditure estimates. Crown Corporation expenditures, revenues and outstanding deficits/losses are excluded.

Expenditures outside Canada: Expenditures for food aid and support of international agricultural organizations are included only in the total federal expenditures and are identified as "outside Canada" expenditures. Therefore, the sum of federal expenditures by province does not add up to the total federal expenditure tables. These expenditures "outside Canada" include the purchase of Canadian agricultural commodities for distribution abroad and funds provided to international agricultural organizations.

Treatment of special program accounts: In the case of programs which are operated by a fund with contributions from governments and producers, only the governments' contribution to administration fees and to the funds are included. Producers' share of participation and payouts made to producers are excluded. Examples are Crop/Production Insurance and the Net Income Stabilization Account (NISA).

Treatment of Loans and Advances: Loans and advances made to producers and organizations are not included as they are eventually recovered. However, interest subsidies and defaults on loans as reported in public accounts are included because they represent a cost to governments. The accrual accounting system also allows provisions for doubtful accounts and valuation allowances that are part of the GE estimates. Similarly, provisions for probable losses on loan guarantees issued by the government are established whenever collectibility is considered doubtful and these valuations are included in the GE estimates.

Government Recoveries: Government recoveries include revenues from user fees for services, from licenses and permits, leases and rentals, sales and royalties, land sales, transfers from one level of government to another, refunds of previous years' expenditures and previous years' recoveries, including government share of program surpluses, and from other miscellaneous forms of recoveries. These recoveries are deducted from the program expenditures or the total expenditures

to generate an estimate of net expenditures. Repayments of loans and advances and return on investments are not included in recoveries.

Treatment of Tax Expenditures: Provincial tax expenditures are limited to fuel tax rebates and exemptions and property tax rebates. Sales and income taxes are excluded from federal and provincial estimates.

Table C.1 and Figure C.1: Federal and Provincial Government Expenditures in Support of the Agri-Food Sector

The figures included in this table are government expenditures by various departments such as Agriculture and Agri-Food Canada, Health Canada, Transport Canada, Industry Canada and the Department of Finance.

Allocation of federal expenditures

- Federal expenditures by province are available for some programs only. Where allocation of such federal expenditures by province is required, the methods explained below are used.
- Program expenditures which are not available from estimates or expenditure plans are projected according to the previous three-year average program expenditures in each province.
- Operating and capital expenditures that were originally identified by province on the basis of administration centre or that were simply assigned to the National Capital Region and transfers to national organizations are allocated provincially as follows:
  - Operating and capital expenditures for the Prairie Farm Rehabilitation Administration and the Market and Industry Services Branch are allocated by province on the basis of program payments made by these organizations in each province. It is assumed that the operating and capital expenditures are proportional to program expenditures.
  - All other operating and capital expenditures and transfers to national organizations are allocated by province using a three-year moving average of the provincial distribution of Total Market Receipts (TMR) or market receipts for specific commodities, where more appropriate. Relative levels of TMR are therefore used as a proxy value for the relative benefits derived from these programs by each province. For example, the distribution by province of Total Market Receipts from grains and oilseeds is used for the allocation by province of Canadian Grain Commission operating and capital expenditures. Total Market Receipts have been used as a basis since 2000–2001 only. Total cash receipts were used prior to that time.
  - All transportation expenditures, except expenditures for the Atlantic Region Freight Assistance Transition Program, are allocated to provinces on the basis of the volume of rail shipments by province.
- The "Others" category includes monies paid to the Yukon, Northwest Territories and Nunavut as well as outside Canada for food aid assistance and monies to international organizations.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category

Operating expenditures include all expenditures associated with the day-to-day operations of the department, including salaries, employee benefits, travel and purchases of goods and services, as well as the cost of administering various programs from various departments.

Capital expenditures include charges for acquisition, construction and renovation of buildings and acquisition of physical assets such as land, property, large equipment and furnishings. Also included are amortization costs of tangible assets over their useful life.

Program expenditures include monies paid directly or indirectly to individuals, agencies or other agricultural entities as part of a transfer payment or existing program instituted by federal and/or provincial departments or ministries.

- **Income Support and Stabilization programs** include subsidies and contributions paid under programs such as CAIS, NISA, the Dairy Subsidy Program, Safety Nets programs, most of the Companion programs and the income stabilization programs at the provincial level.

- **Ad hoc and Cost Reduction programs** include subsidies and contributions paid under ad hoc programs such as the Farm Support and Adjustment Measures (FSAM) program, BSE crisis and flood assistance programs, and adjustment/transition programs, as well as subsidies aimed at reducing production costs, such as artificial insemination and land leasing assistance. Excluded are cost reduction programs included in the categories below, such as interest rebate subsidies.
- **Crop/Production Insurance program** includes government premiums paid to funds associated with the program.
- **Financing Assistance** includes the Agricultural Marketing Programs Act (AMPA), which provides for the Advance Payments Program (APP) and the Price Pooling Program (PPP). It also includes the Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA) and interest rebate programs, as well as provisions for doubtful accounts and provisions for probable losses on loan guarantees issued by the government.
- **Storage and Freight programs** include subsidies and contributions made under transportation assistance programs.
- **Social and Labour programs** include subsidies and contributions to community organizations and for general skills training, such as support to agricultural labour.
- **Research programs** are restricted to subsidies and contributions for research activities including research for product quality improvement. Administrative costs (e.g.: researchers' salaries) are excluded. See Table C.3 for further information on research and inspection expenditures.
- **Food Inspection programs** are restricted to subsidies and contributions paid for animal health, veterinary services, product testing, disease and pest control and food quality. This category does not include administrative costs (e.g.: inspectors' salaries). See Table C.3 for further information on research and inspection expenditures.
- **Food aid and international development programs** include subsidies and contributions for activities related to international agricultural organizations. International development projects considered are farming, agricultural processing and food projects. Also included in this category is the forgiveness of debts owed by developing countries and negotiated through the Canadian International Development Agency (CIDA). Forgiveness of debts in this category of expenditures is based on loans and lines of credit originally agreed to for agriculture and agri-food development projects in those countries. This forgiveness of international food aid debt is incorporated in the federal time series of expenditures since 1990–91.
- **Marketing and Trade programs** include subsidies for activities related to product promotion and product and market development. This category also takes into account debt service reduction and/or reduction of the debt owed to the Canadian Wheat Board (CWB) and negotiated at the Paris Club. The debt reduction payments to the CWB are incorporated in the federal time series since 1991–92. It does not include payments made to the Export Development Corporation (EDC) in respect of the Paris Club agreement since these payments cover non-agricultural debt.
- **Rural and Regional Development programs** include subsidies and contributions for general irrigation projects and community pastures as well as general development projects under federal/provincial agreements.
- **Environment programs** include subsidies and contributions for activities related to the conservation of farm-related resources and wildlife, as well as expenditures for securing water supplies.
- **Education programs** include grants paid to agricultural educational institutions.
- **Extension programs** include subsidies and contributions paid for activities related to the provision of information, training and services to farmers such as those paid to the Canadian 4-H Council and for management of manure surpluses. Excluded is administration in the form of salaries paid to government employees for extension work. These costs are included in operating expenditures.

Tax expenditures: Provincial tax expenditures include fuel tax rebates and exemptions, and property tax rebates. Sales and income taxes are excluded from both federal and provincial estimates.

Recoveries include revenues from user fees paid for services and from licenses and permits, leases and rentals, sales and royalties, land sales, transfers from one level of government to another, refunds of previous years' expenditures and previous years' recoveries including government share of program surpluses, and from other miscellaneous forms of recoveries. These recoveries are deducted from the program expenditures or the total expenditures to generate an estimate of net expenditures. The repayments of loans and advances and return on investments are not included in the recoveries.

Table C.3: Research and Inspection in Support of the Agri-Food Sector

Operating expenditures for research include as a large part researcher salaries and expenses associated with the day-to-day operations of research branches and centres working, for example, to improve production technology and product attributes, in support of a competitive agri-food sector.

Operating expenditures for inspection and regulation of agricultural products include expenses associated with the day-to-day operations of inspection and control branches and centres, maintenance and coordination of network facilities and, as a large part, salaries of inspectors working in prevention and in verification and certification of commercially traded agri-food products.

Capital expenditures for research include expenditures for the acquisition of capital items such as research centres, furniture and large equipment as well as amortization costs.

Capital expenditures for inspection and regulation include expenditures for the acquisition of capital items such as inspection plants, furniture and large equipment and amortization costs.

Research program expenditures include grants and contributions for scientific and technological development in the agricultural sector provided to universities, scientific organizations and individuals. Also included are expenditures related to the Matching Investment Initiative.

Inspection program expenditures include grants and contributions as well as compensation for plant and animal losses such as those paid under the Health of Animals Act and the Plant Protection Act.

Table C.4 and Figure C.3: Government Expenditures to the Agri-Food Sector as a Percentage of Agriculture and Agri-Food GDPs, and Table C.5: Total GDP and Total Government Expenditures

GDP is the total unduplicated value of the goods and services produced in a country or region during a given period.

GDP data are provided by the Conference Board of Canada in 1997 dollars. These data correspond to GDP data at Factor Cost reported by Statistics Canada. They are expressed in current dollars using the aggregate GDP (implicit price index) deflator also provided by the Conference Board of Canada. GDP data are presented on a quarterly basis and are grouped into fiscal years.

The overall GDP data include all sectors of activities for the total Canadian economy and are available for all provinces and Canada. Primary agriculture GDP data include all Agricultural and related services industries. Food GDP data include all Food industries within the manufacturing industries. Beverage GDP data include all beverage industries within the manufacturing industries and are only available for Quebec, Ontario and Alberta for confidentiality reasons. Agri-food GDP is defined as the sum of agriculture, food and beverage GDPs. It does not include sectors such as the transportation and storage industries, the wholesale trade industries and the retail trade industries.

The totals for Canada, at the federal level, include the provinces as well as Yukon, Nunavut and Northwest Territories.

SECTION D

Estimates of Support to Agriculture

SUMMARY

• According to the OECD document entitled "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005", overall in Canada, transfers from taxpayers and consumers associated with agricultural policies, calculated on the basis of the Total Support Estimate (TSE), were estimated at $9.74 billion, or 0.7% of the Gross Domestic Product (GDP). This means that total support for agriculture in Canada, expressed as a percentage of GDP, represented approximately half of the OECD average.

• According to OECD estimates, transfers to Canadian producers dropped by $1.06 billion in 2004 compared with the previous year, decreasing the Producer Support Estimate (PSE) from 25% of the value of production in 2003 to 21% in 2004. This decrease in transfers can be explained, on the one hand, by a decrease in both market price support and budget support and, on the other hand, by an increase in the total value of production. The decrease in budget support is due to the end of transition funding under the Agricultural Policy Framework, which provided $1.2 billion in 2002 and 2003. Despite this decrease, total support from both levels of government to address the BSE crisis rose by $154 million in 2004.

• For the third consecutive year, Canada's percentage PSE in 2004 (21%) was higher than that of the United States (18%), although still well below the OECD average (30%).

• In 2004, the overall decrease in market price support was related primarily to an increase in the world reference price for milk.

• The gap between the domestic market price and the world market price resulted in the imposition of an additional implicit tax on consumers. On average, consumer spending in 2004 was 19% higher (consumer Nominal Assistance Coefficient) than it would have been without market price support for producers.

• The percentage PSE in maize increased by 12 points in 2004 compared with last year, owing to an increase in payments associated with this crop and a drop in the adjusted production value.

• The percentage PSE for the "Other Grains" category increased by 6 points because of a decline in the adjusted production value.

• From 2003 to 2004, the percentage PSE for milk dropped by 7 points as a result of an increase in the world reference price, combined with a rise in the adjusted production value. The dairy industry continues to have the highest level of support in Canada, accounting for one-third of the total PSE and more than two-thirds of market price support.

• During the same period, the PSE for eggs increased by 22 points owing to an increase in the domestic market price, along with a drop in the world market price.

• In 2004, 46% of the support given to Canadian producers was derived from market price support.

• Transfers for general services provided to agriculture increased slightly in 2004, accounting for 24% of the Total Support Estimate, up from 21% in 2003.

Table D.1: Estimate of Support to Agriculture, Canada, 2002 to 2004

	2002	2003	2004 Preliminary
	($ Million)		
Total value of production (at farm gate)	32,545	29,359	31,450
of which share of MPS commodities (%)	75	73	75
Total value of consumption (at farm gate)	24,272	24,118	21,548
Producer Support Estimate (PSE)	7,533	8,488	7,428
Market price support	3,696	4,064	3,452
of which MPS commodities	2,780	2,984	2,584
Payments based on output	223	428	383
Payments based on area planted/animal numbers	1,212	427	836
Payments based on historical entitlements	923	1,405	751
Payments based on input use	380	390	436
Payments based on input constraints	0	4	10
Payments based on overall farming income	1,017	1,533	1,535
Miscellaneous payments	81	236	24
Percentage PSE	21	25	21
Producer Nominal Assistance Coefficient (NAC)	1.26	1.34	1.27
General Services Support Estimate (GSSE)	2,296	2,267	2,309
Research and development	426	478	476
Agricultural schools	350	193	212
Inspection services	595	586	670
Infrastructure	418	414	484
Marketing and promotion	507	596	466
Public stockholding	0	0	0
Miscellaneous	0	0	0
Consumer Support Estimate (CSE)	-3,661	-3,433	-3,448
Transfers to producers from consumers	-3,272	-3,443	-3,298
Other transfers from consumers	-388	-111	-150
Transfers to consumers from taxpayers	0	85	0
Excess feed cost	0	36	0
Percentage CSE	-15	-14	-16
Consumer Nominal Assistance Coefficient (NAC)	1.18	1.17	1.19
Total Support Estimate (TSE)	9,829	10,841	9,736
Transfers from consumers	3,661	3,554	3,448
Transfers from taxpayers	6,557	7,398	6,439
Budget revenues	-388	-111	-150

Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005"

- From 2003 to 2004, the Total Support Estimate (TSE) fell by 10.2%, from $10.84 to $9.74 billion.
- The percentage Producer Support Estimate (PSE) dropped from 25% in 2003 to 21% in 2004. This change is the result of a drop in the level of support, from $8.49 billion to $7.43 billion, along with an increase in total production value, from $29.36 billion to $31.45 billion.
- The General Services Support Estimate (GSSE) increased slightly, from $2.27 billion in 2003 to $2.31 billion in 2004.
- The consumer Nominal Assistance Coefficient (NAC) for 2004 indicates that consumers were implicitly taxed and on average paid prices 19% higher than they would have paid without market price support.
- The producer NAC indicates that gross farm receipts (support included) were 27% higher than they would have been without support.

Table D.2: Producer Support Estimate for Selected OECD Countries, 2002 to 2004

	2002	2003	2004 Preliminary
	(% PSE)		
Australia	5	4	4
Canada	21	25	21
European Union (1)	34	36	33
Japan	58	59	56
Mexico	26	19	17
New Zealand	2	2	3
USA	18	15	18
OECD	31	30	30

Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".
(1) EU 15 for 2002 and 2003, EU 25 for 2004.

- From 2003 to 2004, the PSE, as a percentage of the value of production, fell by four points in Canada, to 21%, whereas in the United States it rose by three points, to 18%.
- This drop in PSE in Canada can be explained in part by the simultaneous decrease in market price support and budgetary support.
- The percentage PSE in Canada remains well below the average for OECD countries (30%).
- Of all OECD countries, the percentage PSE is lowest in New Zealand and Australia, at only 3% and 4%, respectively.

Table D.3: General Services Support Estimate for Selected OECD Countries, 2002 to 2004

	2002	2003	2004 Preliminary
	(% Share of TSE)		
Australia	33	39	42
Canada	23	21	24
European Union (1)	8	8	8
Japan	20	21	20
Mexico	6	12	13
New Zealand	47	38	35
USA	30	33	31
OECD	18	18	17

Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".
(1) EU 15 for 2002 and 2003, EU 25 for 2004.

- For the OECD countries taken as a whole, the share of support for general services remained relatively stable from 2002 to 2004, representing 17% and 18% of the TSE.
- The share of support for general services was highest in New Zealand and Australia. However, the share in New Zealand has steadily declined since 2002.
- In Canada, the share of support for general services increased slightly in 2004, to 24%. This share remained higher than that observed in the OECD (17%), but lower than that in the United States (31%).

Table D.4: Consumer Support Estimate for Selected OECD Countries, 2002 to 2004

	2002	2003	2004 Preliminary
	(% CSE)		
Australia	-2	-2	-2
Canada	-15	-14	-16
European Union (1)	-21	-22	-19
Japan	-52	-52	-50
Mexico	-22	-14	-10
New Zealand	-6	-9	-10
USA	4	7	6
OECD	-22	-21	-20

Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".
(1) EU 15 for 2002 and 2003, EU 25 for 2004.

- For the period from 2002 to 2004, the percentage Consumer Support Estimate (CSE) varied slightly for the OECD countries taken as a whole.
- Canada's CSE continues to be below that of the OECD. Thus Canadian consumers are on average less implicitly taxed than consumers in other OECD countries.
- Japan had the highest implicit taxes on consumers. Japan's CSE (50%) is more than twice that of the OECD and more than three times that of Canada.
- The United States is the only country with a net consumer subsidy, owing primarily to budgetary support for food consumption under the Food Stamp Program.

Table D.5: Total Support Estimate for Selected OECD Countries, 2002 to 2004

	2002	2003	2004 Preliminary
	(% of GDP)		
Australia	0.4	0.3	0.3
Canada	0.8	0.9	0.7
European Union (1)	1.2	1.3	1.2
Japan	1.4	1.4	1.3
Mexico	1.5	1.2	1.0
New Zealand	0.3	0.4	0.4
USA	0.9	0.8	0.9
OECD	1.2	1.2	1.2

Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".
(1) EU 15 for 2002 and 2003, EU 25 for 2004.

- The Total Support Estimate (TSE) as a percentage of Gross Domestic Product (GDP) is relatively stable for each of the countries presented above, except for Mexico whose TSE has steadily declined since 2002.
- Canada had the third lowest TSE as a percentage of GDP, after Australia and New Zealand.

Table D.6: Producer Support Estimate (Percentage PSE) by Commodity for Selected OECD Countries, 2002 to 2004

	Wheat			Maize			Other grains			Oilseeds			Milk		
	2002	2003	2004p	2002	2003	2004p	2002	2003	2004p	2002	2003	2004p	2002	2003	2004p
Australia	4	4	4	n.c.	n.c.	n.c.	4	3	3	4	3	3	16	15	15
Canada	21	17	13	9	12	24	25	9	15	15	12	16	62	59	52
European Union (1)	43	48	39	30	44	43	50	53	48	36	39	35	45	43	30
Japan	85	85	85	n.c.	n.c.	n.c.	81	81	80	56	59	56	78	74	66
Mexico	31	30	24	44	35	25	37	27	24	41	47	57	39	25	29
New Zealand	0	0	0	0	0	0	0	0	0	n.c.	n.c.	n.c.	1	1	1
USA	36	22	32	20	13	27	37	26	39	14	16	24	43	38	39
OECD	38	36	33	23	21	31	41	40	43	20	21	27	47	43	36

	Beef and veal			Pigmeat			Poultry			Eggs			All commodities		
	2002	2003	2004p	2002	2003	2004p	2002	2003	2004p	2002	2003	2004p	2002	2003	2004p
Australia	5	4	3	3	3	3	3	3	3	4	3	3	5	4	4
Canada	12	26	25	6	11	8	3	7	4	14	-1	21	21	25	21
European Union (1)	74	76	68	21	26	24	38	35	46	3	2	2	34	36	33
Japan	32	33	31	56	45	39	11	11	11	16	16	16	58	59	56
Mexico	12	10	7	22	12	2	35	19	8	0	2	2	26	19	17
New Zealand	1	1	1	0	0	1	33	57	53	31	21	40	2	2	3
USA	4	4	4	4	4	4	4	4	4	4	4	4	18	15	18
OECD	34	35	34	22	21	21	19	17	20	8	6	9	31	30	30

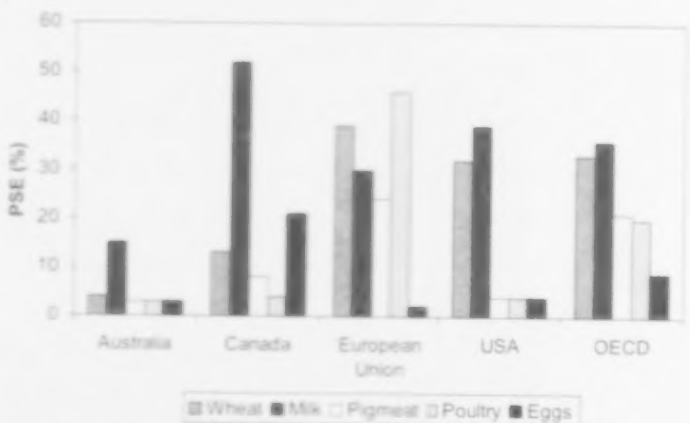
Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".

(1) EU 15 for 2002 and 2003; EU 25 for 2004.

p: preliminary.

- Support as expressed by percentage PSE was highly variable across commodities for any given country. For example, percentage PSE in 2004 for Canada was 52% for milk, but only 4% for poultry.
- The percentage PSE was also highly variable across countries for any given commodity. For example, for wheat in 2004, there was a difference of 85 points between Japan (85%) and New Zealand (0%). The average for OECD countries was 33%.
- In some cases, the percentage PSE for one commodity in a given country saw major changes during the period from 2002 to 2004. For example, the percentage PSE for milk in Canada fell from 62% to 52%. The percentage PSE for oilseed in Mexico rose from 41% to 57%. In New Zealand, the percentage PSE for poultry increased from 33% to 53%.

Figure D.1: Producer Support Estimate by Commodity for Selected OECD Countries, 2004



Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".

Table D.7: Composition of Producer Support Estimate for Selected OECD Countries, 2002 to 2004

		2002	2003	2004 Preliminary
		(% Share in PSE)		
Australia	Market price support	1	0	1
	Payments based on output	0	0	0
	Payments based on area planted/animal numbers	2	2	3
	Payments based on historical entitlements	9	11	12
	Payments based on input use	76	77	74
	Payments based on input constraints	0	0	0
	Payments based on overall farm income	11	9	10
	Miscellaneous payments	0	0	0
Canada	Market price support	49	48	46
	Payments based on output	3	5	5
	Payments based on area planted/animal numbers	16	5	11
	Payments based on historical entitlements	12	17	10
	Payments based on input use	5	5	6
	Payments based on input constraints	0	0	0
	Payments based on overall farm income	14	18	21
	Miscellaneous payments	1	3	0
European Union (1)	Market price support	56	55	53
	Payments based on output	4	3	3
	Payments based on area planted/animal numbers	27	28	28
	Payments based on historical entitlements	1	1	2
	Payments based on input use	8	8	9
	Payments based on input constraints	5	5	5
	Payments based on overall farm income	0	0	0
	Miscellaneous payments	0	0	0
Japan	Market price support	89	90	91
	Payments based on output	3	3	3
	Payments based on area planted/animal numbers	0	0	0
	Payments based on historical entitlements	1	0	0
	Payments based on input use	4	3	3
	Payments based on input constraints	3	3	3
	Payments based on overall farm income	0	0	0
	Miscellaneous payments	0	0	0
Mexico	Market price support	69	53	45
	Payments based on output	4	4	5
	Payments based on area planted/animal numbers	1	4	4
	Payments based on historical entitlements	14	18	22
	Payments based on input use	12	21	24
	Payments based on input constraints	0	0	0
	Payments based on overall farm income	1	0	0
	Miscellaneous payments	0	0	0
New Zealand	Market price support	77	85	83
	Payments based on output	0	0	0
	Payments based on area planted/animal numbers	0	0	0
	Payments based on historical entitlements	0	0	0
	Payments based on input use	23	15	15
	Payments based on input constraints	0	0	0
	Payments based on overall farm income	0	0	1
	Miscellaneous payments	0	0	0

Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".

(1) EU 15 for 2002 and 2003, EU 25 for 2004.

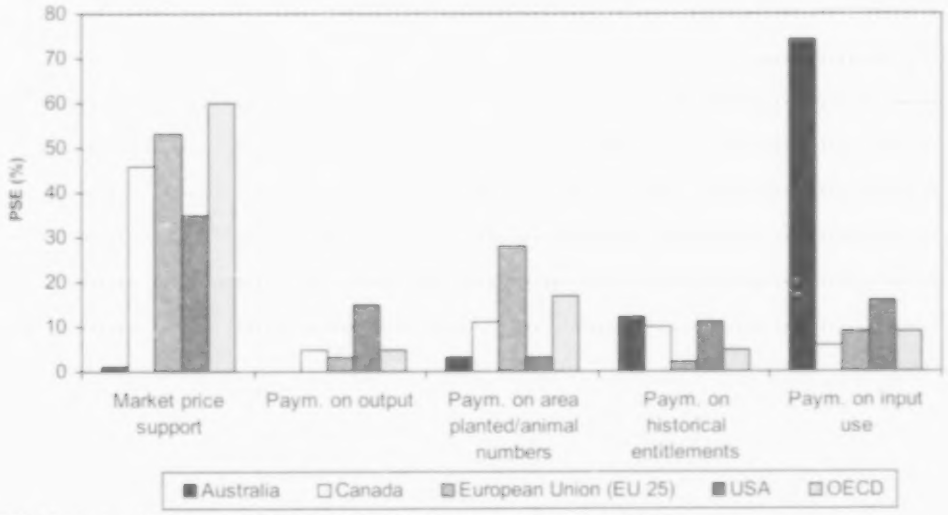
Table D.7: Composition of Producer Support Estimate for Selected OECD Countries, 2002 to 2004 (cont'd)

		2002	2003	2004 Preliminary
		(% Share in PSE)		
USA	Market price support	39	32	35
	Payments based on output	5	9	15
	Payments based on area planted/animal numbers	10	6	3
	Payments based on historical entitlements	14	18	11
	Payments based on input use	18	20	16
	Payments based on input constraints	5	5	4
	Payments based on overall farm income	5	7	4
	Miscellaneous payments	5	2	12
OECD	Market price support	63	61	60
	Payments based on output	4	4	5
	Payments based on area planted/animal numbers	15	15	17
	Payments based on historical entitlements	4	5	5
	Payments based on input use	9	9	9
	Payments based on input constraints	3	4	4
	Payments based on overall farm income	1	2	1
	Miscellaneous payments	0	0	0

Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".
(1) EU 15 for 2002 and 2003, EU 25 for 2004

- The composition of support for producers is very different from one country to another. For example, in New Zealand, transfers derive mainly from market price support (83% of the PSE). In Australia, a minimal share of transfers (1%) derive from market price support, but 74% of transfers are associated with payments based on input use.
- Although there has been no real change in the composition of support for OECD countries in the last three years, some countries have significantly modified the composition of their support.
- In the United States, support in the form of payments based on production rose from 5% to 15% from 2002 to 2004. During the same period, support in the form of payments based on input use in Mexico increased from 12% to 24%, while transfers derived from market price support fell from 69% to 45%.

Figure D.2: Composition of Producer Support Estimate for Selected OECD Countries, 2004



Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".

Table D.8: Composition of General Services Support Estimate for Selected OECD Countries, 2002 to 2004

		2002	2003	2004 Preliminary
		(% Share in GSSE)		
Australia	Research and development	68	68	68
	Agricultural schools	0	0	0
	Inspection services	10	10	9
	Infrastructure	19	19	20
	Marketing and promotion	1	1	1
	Public stockholding	0	0	0
	Miscellaneous	2	2	2
Canada	Research and development	19	21	21
	Agricultural schools	15	9	9
	Inspection services	26	26	29
	Infrastructure	18	18	21
	Marketing and promotion	22	26	20
	Public stockholding	0	0	0
	Miscellaneous	0	0	0
European Union (1)	Research and development	16	17	17
	Agricultural schools	9	10	11
	Inspection services	5	5	5
	Infrastructure	20	23	26
	Marketing and promotion	33	34	30
	Public stockholding	15	9	5
	Miscellaneous	2	1	6
Japan	Research and development	6	6	7
	Agricultural schools	2	2	1
	Inspection services	1	1	1
	Infrastructure	80	80	79
	Marketing and promotion	2	2	2
	Public stockholding	2	2	2
	Miscellaneous	8	8	8
Mexico	Research and development	23	17	17
	Agricultural schools	29	21	24
	Inspection services	19	15	13
	Infrastructure	13	13	11
	Marketing and promotion	14	34	34
	Public stockholding	0	0	0
	Miscellaneous	3	1	1
New Zealand	Research and development	52	47	45
	Agricultural schools	3	7	9
	Inspection services	30	33	32
	Infrastructure	15	13	14
	Marketing and promotion	0	0	0
	Public stockholding	0	0	0
	Miscellaneous	0	0	1

Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".

(1) EU 15 for 2002 and 2003. EU 25 for 2004.

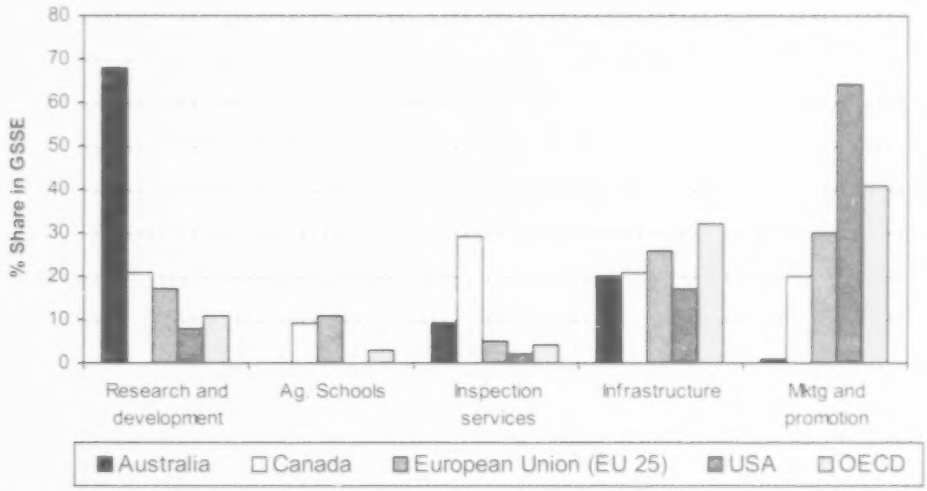
Table D.8: Composition of General Services Support Estimate for Selected OECD Countries, 2002 to 2004 (cont'd)

		2002	2003	2004 Preliminary
		(% Share in GSSE)		
USA	Research and development	10	9	8
	Agricultural schools	0	0	0
	Inspection services	3	2	2
	Infrastructure	15	16	17
	Marketing and promotion	64	65	64
	Public stockholding	0	1	1
	Miscellaneous	8	7	6
OECD	Research and development	11	11	11
	Agricultural schools	3	3	3
	Inspection services	4	4	4
	Infrastructure	31	32	32
	Marketing and promotion	41	41	41
	Public stockholding	4	3	3
	Miscellaneous	6	6	6

Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".
(1) EU 15 for 2002 and 2003, EU 25 for 2004.

- For the period from 2002 to 2004, the composition of general services support varied little for the whole of OECD countries. However, the composition of this support was very different from one country to another.
- In 2004, the United States allocated 64% of its support to the "marketing and trade" category, while Australia and New Zealand respectively allocated 68% and 45% of their support to the "research and development" category.
- In Canada, the "inspection services" and "research and development" categories accounted for 29% and 21% of GSSE support in 2004, while the "infrastructure" and "marketing and promotion" categories received 21% and 20% of support respectively.

Figure D.3: Composition of General Services Support Estimate for Selected OECD Countries, 2004



Source: OECD "Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005".

Methodology for OECD Support Indicators

Since 1987, the Organisation for Economic Cooperation and Development (OECD) has measured support for agriculture using the Producer Support Estimate and Consumer Support Estimate. This method makes it possible to evaluate government measures or programs arising from the agricultural policies of the various OECD member countries according to their implementation criteria, independently of their objectives and effects.

Classification and definitions

The current classification of total transfers associated with agricultural policies (TSE) groups government policy measures into three main categories: transfers to producers (PSE), transfers to consumers (CSE) and transfers to general services to agriculture (GSSE).

Producer Support Estimate (PSE): indicator of the value of gross transfers from consumers and taxpayers to agricultural producers arising from policy measures that support agriculture, regardless of their nature, objectives or impacts on farm production or income.

The PSE measures support arising from policies targeted at agriculture relative to a situation without such policies, i.e. one in which producers are subject only to general policies (including economic, social, environmental and tax policies) of the country. Its main components are described in the paragraphs below.

- **Market Price Support (MPS):** indicator of the value of gross transfers from consumers and taxpayers to agricultural producers arising from policy measures that create a gap between domestic market prices and border prices of a specific agricultural commodity. Hence MPS takes the form of an increase in the price levied by the producers and paid by the consumers of the commodity. The total amount of the support paid is increased as the volumes produced are increased. MPS is the only form of support that has a simultaneous impact on the production and consumption of a product.
- **Payments based on output:** indicator of the value of gross transfers from taxpayers to agricultural producers arising from policy measures based on current output of a specific agricultural commodity or a specific group of agricultural commodities. This type of payment increases the price levied by producers, and consequently has the same impact as MPS on current output, but has no impact on consumption.
- **Payments based on area planted/animal numbers:** indicator of the value of gross transfers from taxpayers to agricultural producers arising from policy measures based on area or number of animals, in respect of a specific agricultural commodity or a specific group of agricultural commodities. This type of payment is determined in terms of areas planted or animal numbers in the year considered.
- **Payments based on historical entitlements:** indicator of the value of gross transfers from taxpayers to agricultural producers arising from policy measures based on historical support, area, animal numbers or production of a specific agricultural commodity or a specific group of agricultural commodities, without any obligation to continue planting or producing such commodities.
- **Payments based on input use:** indicator of the value of gross transfers from taxpayers to agricultural producers arising from policy measures based on the use of a specific input or a specific group of inputs. This type of payment reduces the cost of the inputs used by producers.
- **Payments based on input constraints:** indicator of the value of gross transfers from taxpayers to agricultural producers arising from policy measures based on constraints on the use of a specific input or a specific group of inputs, through constraining the choice of production techniques. These payments are conditional on the farmers' application of certain constraints (reduction, replacement, or withdrawal) on the use of inputs.
- **Payments based on overall farming income:** indicator of the value of transfers from taxpayers to agricultural producers arising from policy measures based on overall farming income (or revenue), without constraints or conditions to produce specific commodities or to use specific inputs.
- **Miscellaneous payments:** indicator of the value of all transfers from taxpayers to agricultural producers that cannot be

disaggregated and allocated to the other categories of transfers to producers. These are payments to producers which cannot be disaggregated due to lack of adequate information.

The Producer Support Estimate (PSE) by country and by commodity can be expressed in different ways:

- In monetary terms: **PSE**;
- As a ratio to the value of total gross farm receipts, measured by the value of total production plus budgetary support: **Percentage PSE**;
- A ratio between the value of total gross farm receipts including support, and production valued at world market prices without support: **Producer Nominal Assistance Coefficient (NAC)**

General Services Support Estimate (GSSE): indicator of the value of gross transfers to general services provided to agriculture. These payments are intended for the agriculture sector generally, and not individual farmers.

The payments include transfers for improving agricultural production (Research and development), agricultural training and education (Agricultural schools), control of quality and safety of food, agricultural inputs and the environment (Inspection services), improvement of off-farm collective infrastructures, including downstream and upstream industry (Infrastructures), marketing and promotion assistance (Marketing and promotion), depreciation and disposal of public storage of agricultural products (Public stockholding) and other general services that cannot be disaggregated and allocated to the above categories due to lack of adequate information (Miscellaneous).

Unlike the PSE and CSE transfers, these transfers are not received by producers or consumers individually, and do not directly affect farm receipts (revenue) or consumption expenditure, although they can affect the production and consumption of agricultural commodities.

The percentage GSSE is defined as the share of support to general services provided to agriculture in the total support to agriculture (TSE).

Consumer Support Estimate (CSE): indicator of the value of gross transfers to (or from) consumers of agricultural commodities, arising from policy measures which support agriculture, regardless of their nature, objectives or impacts on consumption of farm products.

The CSE is composed of explicit and implicit transfers from consumers to agricultural producers associated with market price support for agricultural products produced and consumed domestically (Transfers to producers from consumers), as well as transfers to the budget and/or to importers on the share of consumption that is imported (Other transfers from consumers).

This indicator is measured net of any transfer to consumers to offset their contribution to market price support of a specific commodity (Transfers to consumers from taxpayers) as well as the contribution of producers (as consumers of domestically produced crops) to market price support on crops used in animal feed (Excess feed cost).

When the CSE is negative, this indicates transfers from consumers, and measures the implicit tax on consumption associated with policies promoting the agricultural sector. Although consumption expenditure is increased or reduced by the amount of the implicit tax or payments, this indicator is not in itself an estimate of the impact on consumption expenditure.

The Consumer Support Estimate (CSE) by country and by commodity can be expressed in different ways:

- In monetary terms: **CSE**;
- As ratio of the total value of consumption expenditure on commodities domestically produced, measured by the value of total consumption, minus budgetary support to consumers: **Percentage CSE**
- A ratio between the total value of consumption expenditure on commodities domestically produced, including support to producers, and consumption valued at world market prices, without budgetary support to consumers: **Consumer Nominal Assistance Coefficient (NAC)**

Total Support Estimate (TSE): indicator of the value of all gross transfers from taxpayers and consumers arising from policy measures that support agriculture, net of the associated budgetary receipts, regardless of their objectives and impacts on farm production and income or on consumption of farm products.

The TSE is the sum of the following transfers:

- Explicit and implicit gross transfers from consumers of agricultural commodities to agricultural producers, net of producer financial contributions (which appear in MPS and CSE);
- Gross transfers from taxpayers to agricultural producers (in the PSE);
- Gross transfers from taxpayers to general services provided to agriculture (GSSE); and
- Gross transfers from taxpayers to consumers of agricultural commodities (in the CSE).

As transfers from consumers to producers are included in the MPS, the TSE is also the sum of the PSE, the GSSE and the transfers from taxpayers to consumers (in CSE). The TSE measures the overall cost of agricultural support financed by consumers (Transfers from consumers) and taxpayers (Transfers from taxpayers) net of import receipts (Budget revenues).

The percentage TSE is defined as the share of total support to agriculture in the total GDP.

Treatment of taxes and levies

The PSE and CSE are defined as net of producer contributions which help finance policy measures that provide support to producers. In the same way, the receipts from production taxes and levies designed to finance a given measure are also deducted from the total amount of the payment provided to producers as a result of that measure.

The case of negative support

The concept of the PSE as a "gross" measure allows for cases of negative support. This is the case with agricultural policy measures that act as a tax on producers relative to the situation in the absence of such measures - i.e. if only general economy-wide policies were in place. The typical example of negative support is an export tax, or any other agricultural policy measure discouraging exports and resulting in a domestic price lower than the world price.

Meaning and interpretation of the main indicators

PSE and producer NAC

The PSE is a static measure of support provided to agricultural producers in a given time period (e.g. one year or season) as defined by general macro-economic conditions in the context of economy-wide policies.

For example, a situation of zero support to agriculture would occur when there are only general economy-wide policies in place with no policies specifically altering the transmission of the general macro-economic conditions for agriculture. In such a situation, current total farm receipts would be generated entirely in the market without any policy-linked transfers to farmers. This can be seen as an extreme situation.

Thus, a percentage PSE of 60%, for example, expresses the share of transfers to agricultural producers in the total value of gross farm receipts (as measured by the PSE), or the share of gross farm receipts derived from policies. Hence 40% of gross farm receipts is derived from the market without any support.

When the producer NAC is equal to one, this means that gross farm receipts are entirely derived from the market without any budgetary support. Therefore, the higher the producer NAC, the lower the share of gross farm receipts derived from the market. For instance, a producer NAC of 2.50 means that the value of gross farm receipts is two and a half times what it would be if entirely obtained at world prices without any budgetary support.

CSE and consumer NAC

A percentage CSE of –60% indicates that 60% of total consumption expenditure on agricultural commodities represents a transfer from consumers to producers, or the share of the consumption expenditure created by policies.

When the consumer NAC is equal to one, this means that total consumption expenditure on agricultural commodities is at market prices, without any support to producers and consumers. Therefore, the higher the consumer NAC, the less the share of consumption expenditure reflects the market. For example, a consumer NAC of 2.50 indicates that consumer spending is two and a half times what it would be if conducted entirely at world market prices without any budgetary support to consumers.

Calculating MPS

Market price support is only calculated where there are policies that alter the transmission of the general macro-economic conditions to agricultural producers and create a "price gap" with transfers from consumers to producers.

Percentage GSSE and TSE

The percentage GSSE measures the share of transfers to general services provided to agriculture in the total support to agriculture (TSE), and thus indicates the relative weight of the transfers that fall under the TSE and GSSE in each country.

All other things being equal, the lower the percentage GSSE, the higher the share of PSE transfers within total support to agriculture and the greater the associated impacts on production and trade.

The percentage TSE measures the share of total support to agriculture in a country's GDP or the share of national income used to support agriculture. It is influenced by the importance of the agricultural sector in the economy.

Therefore, the higher the percentage TSE, the larger the share of national income used to support agriculture.

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ABRÉVIATIONS

ACDI	Agence canadienne de développement international
ACRA	Aide en cas de catastrophe liée au revenu agricole
CCB	Commission canadienne du blé
CNS	Coefficient nominal de soutien
CSRN	Compte de stabilisation du revenu net
ESC	Estimation du soutien aux consommateurs
ESP	Estimation du soutien aux producteurs
EST	Estimation du soutien total
ESSG	Estimation du soutien aux services d'intérêt général
FAC	Financement agricole Canada
GREPA	Groupe de recherche en économie et politique agricoles
LPAACFC	Loi sur les prêts destinés aux améliorations agricoles et à la commercialisation selon la formule coopérative
LPAGP	Loi sur les paiements anticipés pour le grain des Prairies
LPAR	Loi sur les paiements anticipés des récoltes
LPCA	Loi sur les programmes de commercialisation agricole
LSGO	Loi sur la stabilisation concernant le grain de l'Ouest
LSPA	Loi sur la stabilisation des prix agricoles
LSTMRA	Loi sur les subventions au transport des marchandises dans la région de l'Atlantique
LTGO	Loi sur le transport du grain de l'Ouest
LTTMPM	Loi sur les taux de transport des marchandises dans les provinces maritimes
LVCPA	Loi sur la vente coopérative des produits agricoles
MSAA	Mesures de soutien et d'ajustement en agriculture
PCSRA	Programme canadian de stabilisation du revenu agricole
PCRA	Programme canadien du revenu agricole
PDF	Programme de données fiscales
PIB	Produit intérieur brut
PNTS	Programme national tripartite de stabilisation
PPTGO	Programme de paiements de transition pour les grains de l'Ouest
PRA	Programme de paiements relatifs au revenu agricole
RARB	Régime d'assurance du revenu brut
SEE	Société pour l'expansion des exportations
VPA	Valeur de production ajustée

SIGNES CONVENTIONNELS

n.c.	non calculé
..	nombres indisponibles
...	nombres n'ayant pas lieu de figurer
x	confidentiel

INTRODUCTION

Le but du présent recueil de données est de faciliter l'accès aux principaux indicateurs économiques et financiers du secteur agricole, de même qu'à l'information sur l'aide gouvernementale accordée au secteur agricole et agroalimentaire. Les renseignements sont préparés en collaboration avec les ministères provinciaux de l'agriculture. D'autres membres d'Agriculture et Agroalimentaire Canada et des fonctionnaires d'autres ministères provinciaux et fédéraux ont également participé à sa préparation.

Ce recueil de données se divise en quatre sections : La section A renferme de l'information relative au revenu agricole, la section B traite de la situation financière des exploitations agricoles, la section C renferme des données sur les dépenses publiques pour le secteur agroalimentaire, et la section D renferme de l'information sur les estimations du soutien à l'agriculture. Des notes sur la méthodologie empruntée sont fournies à la fin de chaque section.

La présente édition renferme les données les plus récentes concernant les principaux indicateurs économiques et financiers. La prochaine édition sera publiée en Septembre 2006 et sera également accessible à partir du site Web du Ministère.

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RÉSUMÉ

• En 2004, la dette agricole totale a augmenté d'un peu moins de 5 p. 100, soit l'augmentation la moins marquée des dernières années. Chaque province a connu une augmentation de sa dette agricole totale. Les gouvernements provinciaux sont les seuls prêteurs dont la dette totale a diminué en 2004. La part de la dette agricole totale que détient le gouvernement fédéral s'est accrue de 11 p. 100 en 2004. Le secteur privé, notamment les banques commerciales, les caisses populaires et autres créanciers privés, financent encore une grande part de la dette.

• En 2004, cinq exploitations agricoles de plus que l'année précédente ont fait faillite au pays. Le nombre de faillites a augmenté en Ontario, en Saskatchewan et en Alberta.

• Pour l'exercice 2004-2005, Financement agricole Canada a déclaré une augmentation de 3 000 encours de prêts par rapport à l'exercice précédent. Ces données montrent une croissance soutenue des avoirs en portefeuille. Le nombre de prêts approuvés au cours de l'exercice 2004-2005 montre également une croissance soutenue.

• En 2004-2005, les dépenses fédérales devraient totaliser 4,5 milliards de dollars, soit un niveau de dépenses nettement supérieur à celui de la moyenne quinquennale de 1999-2000 à 2003-2004. Il s'agit toutefois d'une baisse de 17,8 p. 100 par rapport au niveau quasi-record atteint en 2003-2004 et justifié par une conjoncture exceptionnelle. Cette baisse s'explique par la diminution des dépenses des programmes dont celles associées à la catégorie "soutien et stabilisation du revenu". Les dépenses de programmes dans leur ensemble devraient atteindre 3,15 milliards de dollars, un niveau élevé par rapport à la moyenne quinquennale de 1999-2000 à 2003-2004.

• Les dépenses de l'ensemble des gouvernements provinciaux devraient atteindre 3 milliards de dollars en 2004-2005, soit une hausse de 1,7 p. 100. La plupart des provinces devraient afficher une hausse de leurs dépenses. Toutefois, on prévoit un certain recul dans les dépenses provinciales en Saskatchewan, en Ontario et à Terre-Neuve-Labrador.

• Selon l'information provenant des budgets, les dépenses fédérales totales en 2005-2006 sont estimées à 3,5 milliards de dollars tandis que les dépenses provinciales totales sont estimées à 2,7 milliards de dollars. Les dépenses des gouvernements fédéral et provinciaux devraient donc accuser une baisse en 2005-2006 par rapport aux années précédentes. Dans l'ensemble, elles se maintiendraient toutefois à un niveau similaire à celui de la moyenne quinquennale de 1999-2000 à 2003-2004. On prévoit donc un retour à la normale dans les dépenses fédérales et provinciales, après deux années caractérisées par des niveaux exceptionnels d'aide pour répondre aux difficultés financières des producteurs affectés par l'ESB ou par des conditions de production défavorables dans les cultures.

• D'après les estimations de l'OCDE, les transferts aux producteurs canadiens ont diminué de 1,06 milliards de dollars en 2004 par rapport à l'année précédente, faisant passer l'estimation du soutien aux producteurs (ESP) de 25 p. 100 de la valeur de production en 2003 à 21 p. 100 en 2004. Cette diminution des transferts s'explique, d'une part, par la diminution à la fois du soutien des prix du marché et du soutien budgétaire, et d'autre part, par la hausse de la valeur totale de la production. La diminution du soutien budgétaire est expliquée par l'épuisement du fonds de transition en vertu du Cadre stratégique agricole qui a permis de verser 1,2 milliard de dollars au cours des années 2002 et 2003. Malgré cette diminution, le soutien total provenant des deux paliers de gouvernements pour traverser la crise liée à l'encéphalopathie spongiforme bovine (ESB) a augmenté de 154 millions de dollars en 2004.

SECTION A

Revenu agricole